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ANALYSIS
OF THE
MINUTES OF EVIDENCE
TAKEN BEFORE THE
SELECT COMMITTEE OF THE HOUSE OF COMMONS
ON
BANKS OF ISSUE,
1875.

WITH A SELECTION FROM THE EVIDENCE.

BY
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LONDON :

1876.

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THE NATIONAL BANK OF SCOTLAND

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PREFACE.

THE following Analysis of the "Evidence taken before the Select Committee of the House of Commons on Banks of Issue" in the Session of 1875, has been drawn up with the endeavour to provide a concise and impartial summary of the evidence, which may be serviceable to those interested in the question.

It has not been thought needful to refer at great length to the law of the case in this Analysis; a short statement of some of the leading points which were referred to in the course of the evidence, will be found in the thirty-seventh section. For the convenience of reference, the Bank Acts of 1844 and 1845, and the continuing Act of 1856, have been reprinted in this volume.

It will be seen from the evidence that the Provincial Note Issues of the United Kingdom serve a very useful purpose in facilitating local business throughout the country, and that if these local issues were concentrated in one Central Department, the result would be that many transactions now performed without charge for the customers of many Provincial Issuing Banks would be made subject to charges.

Two statements respecting the note circulation which were given in the evidence, have been reprinted here. Of these, one drawn up from materials supplied by the principal provincial Joint Stock Banks in England and Wales, gives information as to the proportion in the aggregate between deposits and circulation in 1844 and 1874; and deposits and capital in 1875; the other shows the working of the Note Circulation of Great Britain and Ireland during the last thirty years.

This statement was drawn up for the purpose of enabling the reader to trace the course of the Note Circulation in the United

Kingdom, since the passing of the Bank Acts of 1844 and 1845. Tables are included in it which give the average circulation, month by month, for every year during this period, of every branch of the Note Issues of the country, namely : of the Bank of England, the Private and Joint Stock Banks in England, of the Scotch and of the Irish Banks. The proportion of the Note Circulation issued against Gold, and the proportion not issued against Gold, is shown in other Tables ; also the amount and the proportion of the Reserve of the Bank of England to its liabilities. Statements are added of the Rates of Discount charged on first-class Bills in London for the years 1825—1844, and the minimum rate charged by the Bank of England for the years 1845—1874 ; also of the Returns of the London Clearing House for the years 1868—1874.

Other tables are added to elucidate the subject. These tables are, as mentioned above, calculated for each month in the period referred to, so that any Table can be compared for reference with the other Tables in the series. It is sufficient in this place to call attention to the first Table, which shows that while the trade of the country, as marked by the amounts of the Exports and Imports and of the Clearing, has increased fourfold within the last thirty years, the Note Circulation has increased but a fraction during the same time. A considerable proportion of this increase is shown by other Tables to have taken place in Scotland and Ireland. In England, the augmentation since 1844 is only about 10 per cent. on the circulation at that date. The habit of keeping an account with a Banker, and the increased use of cheques, consequent on this, have tended to keep down the amount of the actual circulation.

The provisions of the Act of 1844 have tended to transfer the portion of the English Provincial Note circulation which has been swept away under the operation of that Act, to the circulation of the Bank of England. The Acts of 1845 have not fettered the Scotch and Irish Note Circulations in a similar manner, but the provisions of those Acts which compel Gold to be held by the Banks in those countries for every Note which they issue beyond

the limit authorised by the law, have transferred the periodical fluctuations in the circulations of those countries to the reserve of the Bank of England.

The rate of discount charged by the Bank of England is, of necessity, governed by the demands made on the reserve. Since the alterations in the constitution of the Note Circulation of the country thus tend to influence directly the amount of the Reserve of the Bank, it becomes desirable to trace whether the Rate of Interest charged by the Bank has been influenced in consequence of demands connected with the Provincial issues.

The tables included in this statement will be of service by enabling us to investigate this. The Scotch demand for additional Note Circulation, now double the amount it was in 1844, reaches its maximum in the months of May and November. The tables of the minimum rate of discount charged by the Bank show that the rate of discount in those months is distinctly above the average of the whole of the year; and this augmentation has tended to increase during the last ten years. A comparison of these dates with the returns of the London Clearing House shows that there is no corresponding activity in trade generally to account for this greater demand during the months of May and November. The conclusion distinctly appears to be, that the augmented demand consequent on the increase in the Scotch circulation, has led to this enhancement in the rate of discount during these particular months. It is not possible to trace the influence of the diminution of the English Provincial circulation with similar exactness. An examination of the tables, however, leads to the inference that the diminution in that branch of the circulation which has resulted from the operation of the Act of 1844, and has caused in consequence an increase in the Note Circulation of the Bank of England, has tended in the same direction.

The practice of keeping the main cash reserve of the country in the hands of the Bank of England is no doubt a source of great economy, both to the banks and to the public generally,

but it is attended with the unavoidable result, that every demand for additional supplies, whether for gold for export, or to meet the domestic requirements of the country, is centralised on the reserve of the Bank. The figures in the statement, which have been drawn up with every possible attention to accuracy, speak for themselves. A study of them leads to the conclusion that, if the provincial note circulation of the country were swept away, or concentrated on one central department, the fluctuations in the value of money, which are dependent on the demands made on the central reserve, would in consequence be increased and augmented in intensity with every additional demand made on the central reserve. The expansions and contractions of the provincial circulation are periodic, and are dependent on the local wants of the population. To connect all these local requirements with the central reserve of the country would introduce increased demands on it, which could only be met by increased fluctuations in the rate of discount, corresponding to those already caused by the Scotch demand for gold under the Act of 1845, to meet the increased note issues in May and November. In ordinary periods these additional demands would be inconvenient, and in times of pressure they might be overwhelming.

A selection from the evidence itself, supplying information on all the more important subjects brought before the Parliamentary Committee accompanies the analysis. The numbers in the margin of the analysis refer to the questions and replies in this selection, which are reprinted verbatim from the Parliamentary report. The reader will thus be able to follow out in detail those portions of the subject in which he may take a special interest, and to obtain the information he requires without the labour of examining the whole of the evidence in search of it. The index at the end of the volume will be found convenient for the purpose of facilitating any further investigation which may be desired.

R. H. INGLIS PALGRAVE.

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ON
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1875.

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ANALYSIS

OF THE

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BANKS OF ISSUE,

1875.

SCOTLAND.

1. *Statement from the Scotch banks of the general value of the right of issue to them.*

QUESTION.

THE enquiry made before the Select Committee of the House of Commons, appointed "to consider and report upon the restrictions imposed and privileges conferred by law on bankers authorised to make and issue notes in England, Scotland, and Ireland respectively," commenced with the evidence of Mr Fleming, of the Royal Bank of Scotland.

1

The evidence on behalf of the Scotch Banks was, in the main, taken first; that for the Irish Banks followed, and finally the evidence on behalf of the English Banks.

It will, therefore, be desirable to follow the same course in this analysis, and to state first the evidence given as to the position and extent of the note circulation in Scotland, and the value it possesses, both to the banks which have the privilege of issue, and to the general public.

Many details on these points were given in the course of the evidence. A general statement on the subject was made early in the conduct of the inquiry by Mr. David Davidson, the treasurer of the Bank of Scotland, who read

to the Committee an extract from the minutes of a meeting of the managers of the Scotch banks, held April 30th, 1875, which set forth that “the abolition of the existing system of currency would most seriously interfere with the whole banking system of the country. The right of issue enjoyed by the Scotch banks, which grew out of a free system, and was not conferred as a special privilege, is a very valuable one, both to the banks and the country. Its value does not now consist, to any great extent, in the profit accruing to the banks from the actual circulation of notes; it rests in the right to issue notes to such extent as the public may at any time require (subject always to convertibility into coin), whereby the banks are enabled to carry on business at upwards of 800 branches, without the large abstraction of capital which the use of any other circulating medium would entail.”

2. *The Act of 1845 conferred a monopoly of issue on the existing Scotch banks—Enquiry whether a monopoly of banking has followed on a monopoly of issue.*

Besides these advantages, the value and extent of which were examined into afterwards, it appeared from the evidence that the effect of the legislation of 1845 had been to confer an absolute monopoly of the right of issue on the eleven banks now carrying on business in Scotland.

That there exists an absolute monopoly of issue is undoubted. Whether the monopoly of banking which has followed, is the result of the monopoly of issue was strongly contested. An inquiry from Mr. Goschen on this subject, “You would not desire to see, for instance, a restoration of a system under which any bank might establish itself in Scotland with a right to issue to an unlimited extent?” was answered by Mr. Gairdner, of the Union Bank of Scotland, “I think I may say, as representing the banks, that they do not wish to see it thrown open; but at the same time,

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1724

1602-4

for my own part, I should personally have no great apprehension in the matter, supposing that it were thrown open."

The monopoly of the Scotch banks was stated by Mr. Fleming and Mr. Gairdner to be not dependent on their monopoly of issue, though this was qualified in some of their evidence.

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971
1425

In reply Mr. Dun and Mr. Wade gave evidence, that they believed the existence of the exclusive power of issue to be a sufficient bar to any bank being established in Scotland, that has not a right of issue.

1724-9
6215
6353

The comparative position of the issuing and non-issuing banks in Ireland, in which the regulations of the Acts of 1845 as to the note circulation are similar in the main to those in Scotland, was referred to as showing that the power of issue was not essential to carrying on banking business.

123

But, as was shown in the subsequent evidence of the managers of the Irish banks, the positions of the banks in the two countries in respect to their powers and requirements of circulation, were far from being similar. There were no banks, except banks of issue, in Scotland in 1845, but there existed in Ireland in that year both the Hibernian Bank, (established 1825) and the Royal Bank of Ireland, (established 1836) and several private banks. These banks, as well as the Munster Bank, Limited (established 1864) have always been accustomed to carry on their business with the aid of the notes of the Bank of Ireland, which they have issued, exactly as the non-issuing banks in England have employed the notes of the Bank of England.

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3158

It was stated by Mr. Fleming that the Scotch banks could not carry on their extensive branch system without the power of issuing notes. "I look upon the privilege of issuing small notes as really the keystone of the whole fabric," were the words of Mr. Davidson. In England, as was explained to the committee, if all the banks of issue gave up their circulation at once, there is a provision ready made to

154
944-5
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1499
1911-15
6184
6215

supply the gap in the circulation of the Bank of England. In Scotland the existing banks alone provide the circulating medium required. Bank of England notes are legal tender in England alone, and the Scotch public prefers bank notes to sovereigns.

Mr. Davidson's answers, in reply to Mr. Goschen's enquiries, put this matter in a clear light.

Mr. Goschen: "Then if another bank, without having that right of issue, and without having £1 notes, were to attempt to compete with you, not having that source of profit which you say is essential to the bank, and at the same time not being able to charge the higher rates of commission, it would, practically, be unable to carry out such competition, would it not?" *Mr. Davidson*: "I think it would from that cause; but also from another cause which has been adverted to, namely, the keen competition which exists among the banks."

Mr. Goschen: "Then I may take it for granted that, looking at the action of the 11 Scotch Banks and to their right of issue, in your opinion, it would not be easy, even if it were at all possible, for another bank without that right of issue to compete with them?" *Mr. Davidson*: "Coupling with that the circumstances which I have mentioned of the great competition that exists between the banks, it would not."

The Scotch issue fluctuates considerably between one period of the year and another, the highest points being in May and November. The influence of these fluctuations on the rate of discount charged in England will be adverted to hereafter.

3. *Diminution in number of Banks and Banking Capital in Scotland since 1845.*

The fact that the Scotch banks have diminished in number since 1844 was examined into. There were twenty banks carrying on business in 1845, and only eleven exist at the

151-4
6338
6866
4020-1

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5533-4

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present time. No new banks have been established in the interval.

It was stated by Mr. Dun that a new bank possessing similar privileges as to issue with the existing banks would have no difficulty in obtaining business.

“I feel perfectly sure,” were Mr. Dun’s words, “that if a Scotch bank could open, especially in Glasgow, with the advantages of Scotch circulation, it would very speedily establish a fair business for itself.” But, on the other hand, this statement was disputed by the Scotch Banks.

6391
954

Contemporaneously with the diminution in the number of banks, the amount of capital has also diminished.

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1420-2

The capital possessed by the Scotch banks has diminished since 1845, owing to the failure of the Western Bank of Scotland. During the same period the liabilities of the Scotch banks have largely increased. The result has been that the paid-up capitals of the Scotch banks stood in 1845, in the proportion of 30 per cent. of their liabilities to the public, but that the paid-up capital and the reserve funds are now only 15 per cent. of the corresponding liabilities.

1689
6202
6399-402

Notwithstanding the diminution in the number of the banks, and the fact that the charges were regarded as being uniform, there was stated to be a keen competition in Scotland for banking business.

955
1283

The indirect advantages to be derived from the privileges of issue were stated to be increasing with the increase of the business in the country generally.

1056-9
1073-5

On the other hand, the power of holding notes as “till money” increases in value with the extension of business.

44
1056
1060

4. *The mode in which the Scotch and also the Irish circulation is computed, more favourable to them than the corresponding mode of computation of the English circulation.*

The mode in which the amount of notes in circulation in Scotland is computed was fixed by the Act of 1845. But it

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was avowedly more favourable to the banks in Scotland than the mode according to which the circulation of the English provincial banks is directed to be computed by the Act of 1844. The difference lies in the fact that the return made to the Stamp Office of the amount of the English circulation is based on a daily average. The Scotch return, on the other hand, is on the average of the amount in circulation on the Saturday in each week—this amount to be ascertained at the close of the business of the day. 1290

Hence the Scotch circulation during the course of the week rises undoubtedly to a larger amount than the sum returned, under the provisions of the Act of 1845, to the Stamp Office. 34-7

It was explained by the Scotch banks that this excess was not active circulation in the hands of the public, but, under the operation of their system of exchanges accumulates in the hands of the banks, and that the active circulation is at its maximum on the day when the return is made. 809
1289

The Irish circulation is computed in a similar manner. By the method according to which the English Provincial note circulation is calculated, the return of the amount of notes issued is made at the close of each day's business; and this method, it is obvious, gives a statement of the sum in circulation far closer to the actual amount, than the return of the issue based on the method directed by the law in Scotland and Ireland. 2765

The Scotch witnesses were of opinion, however, that a daily exchange of notes between the banks would reduce the sum of the daily averages to a close approximation to the weekly average. Mr. Readman, the Manager of the Clydesdale Bank, on being asked whether if the circulation of all the Scotch banks were taken before the exchange of notes with the other banks, it would amount to something like £2,000,000 more than is shown after the exchange, replied that it would amount to a very considerably larger sum at the half-yearly terms in May and November. The excess during 809
984
991-5
997-8
1289
3746
3747
3749

the week before the exchanges was otherwise computed to be some thirty or forty per cent. more than the amount which the Scotch banks return after the exchanges, and on which they pay stamp duty. Beyond this there is the advantage of the Till Money as mentioned in the next paragraph.

6431
6433
6567

5. *The power of issuing notes against gold very advantageous to the Scotch banks.*

Another and a very important advantage which the Acts of 1845 conferred on the issuing banks in Scotland and Ireland over the provincial banks in England, is the power which they possess of issuing notes to any extent provided that gold is held against them. This not only gives the Scotch and Irish banks the power of issuing up to the full margin of their authorized limits, but it enables them to provide every branch with an adequate supply of till money, at a very small cost, when compared with that entailed by keeping hard cash in reserve for such purposes.

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3801-3
4408-9
4517

The evidence of the Scotch witnesses went into a great deal of detail on this point.

The advantage of the right of issue in this respect lies in the fact that the till money in all the branches of the Scotch banks may be held in the shape of their own notes, although these notes never go into actual circulation. No direct profit is made of course on the notes which perform this duty. But as they save the bank from the loss of interest which would have to be incurred if the till money were in the shape of coin or of Bank of England notes, they are as important to the bank making use of them as if they were actually issued. The amount of the notes thus held was variously estimated. Mr. Readman, on being asked what amount of notes they habitually found it desirable to hold in their branches in anticipation of the wants of their customers, replied that he would rather make more enquiry about that. "I would say, off-hand, that we should keep about one-half

1118-22
1235-6
1631-6
1762-6

3818-20

6731
6771-5

3851-4

more than the issue, but I am not able to answer it definitely.” Mr. Fleming intimated that he was inclined to agree in the estimate made by Sir John Lubbock as to the effect of the withdrawal of the right of issue from the Scotch banks, and that this would be equivalent to the withdrawal from the amount now employed in purposes of trade and commerce to the extent of £9,000,000. On the basis of Mr. Readman’s rough estimate the figures would be as follows:—

Average circulation as returned, say	...	£6,000,000
Half this amount in the tills of the banks		3,000,000
Representing a sum of		£9,000,000

The Irish evidence supported the Scotch in the statement of the value in their case of the unissued but issuable notes, held in their branch banks. The evidence from the English banks explained this point further, and in considerable detail. Thus Mr. Rae, of the North and South Wales Bank, which has an authorized circulation of £63,951, explained that if he could issue notes without limit in the manner permitted to the Scotch banks, he should be able to maintain a circulation of from £200,000 to £250,000. Besides this there would also be the advantage of the till money, which could be supplied in that case from the circulation of the bank itself, and would amount to the use of £100,000 or £125,000 more. Mr. Cooke, of the Manchester and Liverpool District Bank, a non-issuing bank, gave evidence to the same purport.

6. *The privileges in respect of issue in Scotland have favoured the extension of Branch Banks.*

The value of a privilege of this description to the banks which possess it, increases according to the number of its branches, on account of the greater economy in the till money thus effected.

These privileges as to issue assist greatly in the maintenance

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3957-9
4512
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5400
5430-2
6576
6591
1497-1500
2037
3853-4
4313
7012

of branches in Scotland and Ireland; and these branches in their turn appear to promote the prosperity of the banks themselves through the larger amounts of deposits which they are thus enabled to collect. The evidence, however, with regard to the influence which the number of the branches of the Scotch banks had on their deposits was conflicting, as some witnesses considered that they had increased the amount of deposits, while others thought they had not had this effect.

Mr. Gairdner replied, in answer to Mr. Orr Ewing's questions on this point—

Mr. Orr Ewing: "Looking at the statistics which you have given of the increase of deposits from the year 1845 to the year 1875, and to the increase of branches throughout Scotland during that same time, the increase of deposits seems to be very much in the same ratio as the increase of branches?" *Mr. Gairdner:* "It may be so."

Mr. Orr Ewing: "For instance, you will find that in the year 1845 there were only 382 branch banks; in 1855 there were 480; in 1865 there were 654; and in 1875 there are 884. The deposits in 1845 were £33,000,000 odd; in 1855, £43,000,000 odd; in 1865, £56,000,000 odd; and in 1875, £78,500,000. Therefore the deposits appear to increase in almost the same ratio as the number of branches throughout Scotland?" *Mr. Gairdner:* "But it does not follow from that, that the fresh deposits came from the new branches."

Mr. Orr Ewing: "But are you prepared to say that they have not?" *Mr. Gairdner:* "I should think it extremely improbable that the new branches have brought these fresh deposits."

Mr. Orr Ewing: "Do you think that if the circulation of £1 notes was stopped in Scotland, you could possibly maintain the same number of branches which you have at present?"

Mr. Gairdner: "I think not."

Mr. Orr Ewing: "They could not be conducted at a profit, you think?" *Mr. Gairdner:* "I should think not;

2505-6
3471
3508-14
4027-8

1279-81

1285-6

I should think that some of the smaller branches would require to be put down."

Mr. Readman said that with regard to his bank (the Clydesdale Banking Company) "there are a great many more branches than I should like to see." This referred to Glasgow. 3808

Mr. Gairdner attributed the growth of the Scotch deposits in comparison with the English rather to the liberality of the banks towards their customers than to the extension of branches. But, as will be found later, the English banks stated that they believed their terms were, speaking generally, as advantageous to their customers as those of the Scotch banks. 1331 1349-51

7. *The Notes of the Scotch Banks are not payable in gold at their Branch Banks ; and the advantage which the power of issuing small notes is to the Scotch Banks.*

The Scotch banks are not compelled to pay their notes in gold at their branch Banks. In this respect the law regulating the Scotch banks differs from that regulating the Irish banks, whose notes are payable at every branch. This, it may be observed in passing, is not the result of any requirement of the Act of 1845, but of the Act of 1828, an Act extending to Ireland alone. 1187 2976-79 2977

In fact, however, as in the ordinary course of business Scotch notes are seldom changed into gold, Scotch banks need not hold gold at their branch offices for this purpose ; although gold is the only legal tender in Scotland as well as in Ireland. The proportion of small notes in the Scotch circulation diminished between 1845 and 1855 ; it has slightly increased since. 3818-20 789

The proportion of the small notes to the rest of the circulation was—

In 1845	...	...	...	73 per cent.
„ 1855	...	...	...	64 „
„ 1865	...	...	...	63 „
„ 1874	...	...	...	66 „

The Scotch banks attach great value to the liberty of issuing notes of small amounts, and the proportion of small notes in the Scotch circulation is considerably larger at the present time than in the Irish circulation. This is a remarkable circumstance, considering that the deposits in the Scotch banks are far larger, in proportion to the population, than those of the Irish banks—and, that the population in Scotland is undoubtedly far wealthier than in Ireland. The evidence gives no information as to the reason of the great proportion of the small notes in the Scotch circulation. It probably depends on the details of the management of business by the Scotch banks.

1434-36

The power of issuing small notes appears to be one main reason why the Scotch circulation is as large as it is at the present time. Were the Scotch banks limited to notes of £5 and upwards, it is probable that their circulation would scarcely be beyond the authorised limit, as the Scotch circulation in 1874 was as follows:—

Amount of notes under £5 ... £3,900,000 ... 66 per cent.

5520-2

„ £5 and over 2,000,000 ... 34 „

Total average Scotch circula-

tion in 1874£5,900,000

Authorised limit £2,749,271

The abolition of small notes might lead to a greater employment of the larger notes, but the bulk of the Scotch circulation is, and has been always, in notes of the lower denominations.

8. *The arrangements of the Act of 1845 as to the gold to be held against the excess issue of the Scotch Banks. The gold so held no security against the circulation.*

The Act of 1845 requires that gold should be held against the amount of notes in circulation beyond the fixed limit, both in Scotland and Ireland.

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This requirement of the Act, however, was not intended to provide any security whatever for the holder of the note. "We do not propose," to quote Sir Robert Peel's words, "that there should be any certain amount of deposit as a security."

1686
2206

The arrangement was made by Sir Robert Peel to carry out the theory, that a paper circulation should vary in amount exactly as a metallic circulation would do. Hence, Sir Robert Peel directed that when an extra issue of notes was put into circulation by a Scotch bank, it should be bound to withdraw from circulation an equal value in sovereigns. It is possible that Sir Robert Peel may have expected that this sum would be really withdrawn from active circulation. The practical result has been, however, a regular and periodic demand on the Bank of England for gold, to meet the requirements of the Act of 1845, which is sufficient to affect the money market when it is in a sensitive condition.

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The Scotch banks stated that the gold thus held was retained by them on the same principle as the bullion held by the Bank of England, and held not only against the notes, but against their general liabilities also. "We are like the Bank of England in that respect," was the remark of Mr. Fleming, "as I understand the law applicable to the Bank of England, as it was explained on one occasion to a committee of this House." This opinion is grounded on a memorandum drawn up by the late Mr. Freshfield. Section 6 of that Memorandum, which will be found in Appendix No. 17, to the Report of the Bank Acts, 1858, is as follows—

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"That the provisions of the Act are not for the benefit of the noteholders, but for ascertaining the limit of issue, is clear, not only from the general policy of the Act, but from the contemporaneous enactments as to banks in Scotland and Ireland, where the issue is equally limited by the amount of bullion without any provisions that could tend to secure that bullion to the noteholders."

The directors of the Bank of England, who were examined

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later, interpreted the Act of 1844 in a different manner to Mr. Freshfield.

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On being questioned as to the desirability of holding gold specially against the note issue, and as a security for it alone, both Mr. Gairdner and Mr. Davidson, of whom the enquiry was made, declined to give an answer on a point affecting the interests of all the banks to so large an extent, without consulting with them first. Mr. Fleming stated that he considered the stock of gold which the Act of 1845 compelled the Scotch banks to hold in Scotland, was a great advantage to Scotch banking. Mr. Fleming's words were, "It is a great advantage to have such a stock of gold in Scotland in the event of any panic arising." It is by no means certain, however, whether, the Scotch banks would not be compelled, as a matter of prudent precaution, to hold as much, or nearly as much, gold as they do at present, if the provisions of the Act of 1845 respecting the gold to be held against the excess issue, or the note circulation itself, did not exist. "We should not, I think," were the words of Mr. Readman, "keep less gold than we do, even if we were not obliged by Act of Parliament to keep gold against the excess of issue."

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9. *The cost of maintaining the English, Scotch and Irish Circulation compared.*

The cost of maintaining the Scotch note circulation was enquired into. It was estimated by Mr. Davidson as being about 10s. per cent. on the actual circulation, for paper, printing and the cost of registration of the numbers. The stamp duty in Scotland is 8s. 4d. per cent., and the charges for licences on the branches and the stamp duty together, amount to 13s. 10d. per cent. The total cost was estimated at $1\frac{1}{4}$ per cent. on the active issue.

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The cost of the circulation of the Bank of Ireland was stated as being about $1\frac{1}{2}$ per cent., for making the notes

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and keeping the books and staff. The notes of the Bank of Ireland are printed on paper specially made for the purpose; this was considered by Mr. Du Bedat, the secretary to the Bank of Ireland, to add to the expense, but it does not appear that he included the cost of the stamp duty in his estimate. The Bank of Ireland does not pay any license duty on its branches.

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With regard to the cost of the provincial note circulation in England, Mr. Rae (North and South Wales Bank) stated in his evidence: "We estimate that our circulation costs us about £1 per cent. per annum, including the license duty that we pay to the Government, and the 7s. per cent. per annum for the amount in circulation, the cost of printing, stationery, and postages. The Scotch estimate is 5s. higher than that, but no doubt a small note circulation is much more costly to keep up. The value of our right of issue to us would of course be regulated by the rate of interest at which we are employing our money from time to time, and also by the amount of notes signed and ready for issue which we have in our tills, and which to all intents and purposes are performing as much duty as if they were Bank of England notes, so long as they are capable of issue."

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10. *The principle of the Scotch Circulation inapplicable to England.*

Mr. Gairdner expressed an opinion that the principle of note issue which was good for Scotland would be good also for England. But the representatives of the English banks demurred to this—and stated that, in their opinion, the system of the Scotch banks, if too widely extended, would become unmanageable.

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Mr. Davidson thought that in consequence of so large a proportion of the transactions of the Scotch banks being of small magnitude, and the fluctuations in them from year to year

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being small in extent, the Scotch banks required a much smaller amount of reserve than the large banks in London.

Mr. Davidson did not consider that the fact of their banks being all banks of issue, and in that manner responsible for the currency of the country, placed them in a different position, or required from them any other course of action than as if they were merely banks of deposit, without any power of issue at all. 1051

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Mr. Goschen enquired of Mr. Davidson: "Do you consider as a general rule that banks of issue which are responsible for the currency of a country, ought to be conducted upon different principles from those upon which an ordinary joint-stock bank is conducted?"—Mr. Davidson's reply was: "Looking to our system, as a whole, I can see no reason why they should be differently conducted. I think, on the contrary, that our system points to this; that we require a much smaller amount of reserve than large banks in London. Take our deposits spread all over the country, 64 per cent. of them, or thereabouts, representing sums not exceeding £1,000, and from one year's end to the other, having few, I might also say no, fluctuations of any magnitude, it appears to me that the Scotch banks require a much less amount of reserve, although they hold an equal amount to, if not more than, an ordinary banking institution in London, where there are very large sums deposited, which would, if withdrawn, cause inconvenience." 1037

A proposed plan for a joint circulation to be issued by all the banks would not, it appeared, be acceptable to those banks who at present have the privilege of separate circulations in Scotland and Ireland—each bank naturally preferring to retain its own individuality in this respect. 1639
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It was pointed out to the Committee that there was a great difference in the position of England from that of Scotland and Ireland with regard to the circulation of the country. In England, if the circulation of notes by the private and joint- 151-4

stock banks were prohibited, the circulation of the Bank of England would undoubtedly extend itself, and fill the gap so left; but it is otherwise in the case of Scotland and Ireland. The Bank of England note is not a legal tender in either of those countries, and the sweeping away in them of the existing note circulation would leave nothing provided to take its place. The periodic demands for gold made under the provisions of the Act of 1845, on the reserve of the Bank of England, have, especially in recent years, caused a distinct rise in the rate of discount charged by the Bank in the months of May and November, when those demands take place.

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11. *The limited number of Banks in Scotland enables them to combine as to rates of Interest charged and allowed to their customers.*

The small number of banks now existing in Scotland enables their managers to regulate the charges made to their customers, and also the rate of interest allowed to them on their deposits, on a uniform scale.

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This scale is based on the rate of discount charged by the Bank of England. It was given in evidence that although the English scale of allowances and charges to customers was also primarily based on the scale of the Bank of England, no similar arrangement was made by the banks in England, and that further, whenever such an arrangement had been attempted, it had never lasted long. Different charges were even shown to be made by the National Provincial Bank in different parts of England. This is beyond doubt due to the keen competition existing between the English banks. One of the Scotch witnesses was of opinion, that whatever the number of banks in Scotland was, some similar agreement of this nature would be arrived at. As a matter of fact, however, it appeared that the arrangement for uniformity had only been established in Scotland within the last 20 years, since the number of banks had become smaller in that country.

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IRELAND.

12. *Difference between the position of the Circulation in Ireland and Scotland. This owing to the position of the circulation of the Bank of Ireland.*

QUESTION.

The law regulating the note issue in Ireland is very similar to that in force in Scotland. The restrictions in favour of the Bank of Ireland, which once existed, restraining any bank of issue from being established within a circle of fifty Irish miles (about sixty-four English) from Dublin, had been gradually relaxed before the Act of 1845 was passed. No bank of issue therefore in Ireland, any more than in Scotland possessed any special privileges at that time; but in one respect the position of the two countries was not similar. In Scotland no banks except banks of issue were in existence in 1845, but in Ireland there were several banks, both private and joint-stock, which did not issue notes. The Munster Bank, Limited, more recently established in 1864, —the Hibernian Bank, the Royal Bank, and the private banks carrying on business in Ireland, all make use of the paper of the Bank of Ireland. The amount of notes of the Bank of Ireland put into circulation by the Munster Bank is certainly very considerable. The Bank of Ireland enters into active competition with the other banks in that country. Its position in this respect is very different from that of the Bank of England, as the Bank of Ireland now allows interest on deposits, and has done so since the year 1864.

Mr. Du Bedat, the secretary of the Bank of Ireland, stated that its notes were not legal tender, except with regard to the payment of the revenue, and that it has now no privileges beyond its circulation, and the being bankers to the Government. The amount of the circulation of the Bank of Ireland has fluctuated considerably. The authorised limit is

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£3,738,428; the average issue for 1846 was £4,431,000; from that date it declined till 1851, when it was only £2,512,525; in 1864 the average was also low, being £2,556,800. Since that date the figures are:—

1865 ...	...	...	...	£2,873,400
1866 ...	...	...	...	2,724,150
1867 ...	...	...	...	2,783,225
1868 ...	...	...	...	3,020,350
1869 ...	...	...	...	3,230,600
1870 ...	...	...	...	3,270,600
1871 ...	...	...	...	3,444,925
1872 ...	...	...	...	3,504,325
1873 ...	...	...	...	3,276,425
1874 ...	...	...	...	3,070,400

The use which might be made by other banks of the circulation of the Bank of Ireland was probably not much known in England before this enquiry was made. The facilities thus afforded to the non-issuing banks have enabled them to carry on business successfully.

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13. *The proportional fluctuations in the circulation between one month in the year and another have continued uniform, notwithstanding the change in population and prosperity in Ireland.*

The population in Ireland in—

1841 was ...	...	...	...	8,244,137
1851 „ ...	...	...	...	6,623,982
1861 „ ...	...	...	...	5,850,309
1871 „ ...	...	...	...	5,449,186

Notwithstanding these alterations in the population of Irish and the fluctuations in the total amount of notes yearly issued by the Irish banks, the circulation has continued to be

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subject nearly to the same proportional fluctuations, as between onemonth of the year and another, during the last thirty years. The circulation is at its lowest in the months of August and September, it then expands rapidly till it attains its maximum in December; after that month it diminishes again till the months of June, July and August are again reached. This series of annual fluctuations, corresponding in a great degree with the nearly similar fluctuations in the Scotch, and also in the English provincial circulation, shows the dependence of the provincial note issues on the internal trade of the country, and the injurious results which would follow if the provincial note circulation were swept away, or brought into immediate connection with the central reserve of the banking institutions of the kingdom, generally.

Evidence was given as to the convenience of the note circulation in Ireland, to meet sudden demands arising from fairs, which are sometimes held in remote and thinly peopled districts. The sending money to such places is sometimes attended with great expense, and with risks which are happily but little known either in Scotland or in England.

Ireland is the only one of the three divisions of the United Kingdom which retains the same amount of authorized issue as was granted by the legislation of 1844-5. No Irish Bank, which was a Bank of Issue in 1845, has failed or discontinued its business. No amalgamations of banks have taken place in Ireland since that date, excepting the amalgamations of the issues of the National Bank. These were in 1845—

At Dublin	£761,757
„ Carrick-on-Suir	24,084
„ Clonmel	66,428

They are now returned in the aggregate as ... £852,269

The power of circulation enjoyed by six of the Irish joint-stock banks is of great value, both to them and

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the public, as it enables the banks of issue to open branches where they could hardly otherwise do business to advantage. In Ireland, as in Scotland, the liberty allowed of issuing small notes, has beyond question kept the note circulation at a higher level than it would otherwise have reached or retained. It appeared from the evidence that an arrangement for centralizing the issue of the banks in Ireland, and amalgamating them into one amount, would not meet with approval from the Irish banks.

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Evidence was given as to the method of exchanges and clearing followed by the Irish banks; this is based on holding a certain amount of Exchequer bills according to the plan formerly followed by the banks in Scotland.

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14. *The mode of computing the note circulation similar in Ireland and Scotland.*

The manner in which the amount of notes in circulation is computed corresponds with that employed in Scotland, and gives the Irish issuing banks an advantage in this respect over the English issuing banks, similar to that possessed by the Scotch Banks.

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The regulations in force respecting the license duty are different in Ireland, from those in force both in England and Scotland. The Bank of Ireland, as mentioned before, pays no license duty; the National Bank pays £30 a year on each of its four depots, or head offices in Dublin, Cork, Limerick, Ballinasloe, and may open any number of branches without extension of this payment. The private banks were stated to pay license duty, though they have no power of issue.

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15. *The arrangements under which gold is held under the Acts of 1828 and 1845, against the circulation in Ireland. The notes of the Irish Banks are payable in gold at all their branches.*

The gold held by the Irish banks against their issue in excess of the authorised limit, is like that in Scotland, really held against the total liabilities of the banks, but the amount actually in their possession at this time, is larger than that which they are bound to hold by the requirements of the Act of 1845. This is due to the provisions of the Act of 1828, which renders it obligatory on the Irish banks to be prepared with sufficient gold at every branch to meet the notes which may be presented there. The result of this enactment is shown in Mr. Mills's (National Bank) evidence. "We are the largest specie holders in the kingdom next to the Bank of England. We hold more gold and silver than any other bank in the United Kingdom, next to the Bank of England. We hold £941,000 in specie."

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Mr. J. T. Bristow, one of the directors of the Northern Bank of Ireland, mentioned the amount of gold held by the three Ulster banks. This was stated on an average to be £1,000,000, about 11 or 12 per cent. on the total liabilities for deposits and circulation of the banks. Mr. Bristow mentioned that they were compelled to keep, in consequence of their excess of issues, a larger amount of gold than they required on account of their ordinary banking business.

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16. *The limited number of banks in Ireland, and the influence exercised thereby on the rates of interest allowed and charged.*

In Ireland, as in Scotland, the number of banks in operation is comparatively small (nine joint-stock, three private banks)

and the rates both of interest allowed and charged appear to be identical, or generally so, over the whole of the country. The three banks in the north of Ireland occupy nearly the whole of the field in that part of the island, and have an arrangement among themselves by which they regulate the rates in their own district. In arranging the rates they take into consideration both those of the Bank of England, and of the Bank of Ireland.

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17. *The constitution of the National Bank, and its offices in London.*

The National Bank differs in practice from every other Irish bank, in the fact that it does a banking business in London, and has done so ever since the year 1854. This bank was originally founded in 1834 for the purpose of carrying on banking in all its branches in any part of the United Kingdom, either in England, Scotland, Ireland, the Islands of Jersey, Guernsey and the Isle of Man. From the time of commencing business it had an office for agency in Dublin, but not for banking in that city, till the restrictions which prevented an issuing bank in Ireland from having a banking office in Dublin were removed by the Act of 1845. The business of the National Bank had, however, always been superintended from London; and in 1854, when they proposed to open a banking office in London, the fact that they had been established as a company for that purpose previous to the Act of 1845 coming into operation, was held to entitle them to the privilege of opening an office in London without losing the right of the circulation in Ireland.

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When the National Bank proposed to establish a banking office in London, the Bank of England raised objections to its doing so. Mr. Tatham, whose firm are the solicitors to the National Bank, and who had himself aided in the

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formation of the Company, explained to the Bank of England that as the National Bank was established in London before 1844, the provisions of Sir Robert Peel's Act which referred to banks to be established after that date did not refer to it. The National Bank took on this occasion the opinions of Sir R. Bethell (Lord Westbury), and other eminent lawyers; all of these considered that for the reason given above, the Act of 1844 did not restrict the National Bank from opening in London. They considered, however, that it was restricted from opening branches beyond sixty-five miles from London while carrying on business there, and within that distance. Mr. Bovill, afterwards Lord Chief Justice Bovill, who was consulted by the Bank of England, concurred in the opinion that the National Bank was not prevented from opening offices in London.

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As a matter of fact the National Bank has scarcely competed for deposits with other banks in London, considering that the rate of interest allowed rendered it undesirable to embark in that class of business. The amount of their London deposits was stated to be about £1,500,000. The London business was stated to be profitable in itself, and at the same time to afford facilities for carrying on the Irish business of the bank. The same prudent policy which abstained from pushing a business in London, has led the National Bank to keep its acceptances on as low a level as possible.

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ENGLAND.

18. *The English Provincial circulation strictly restricted within the authorised limit.*

QUESTION.

The evidence given to the committee supplied very complete information both as to the present position of the provincial note circulation in England, and as to the influence it exercised in former years.

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The power of issuing notes appears to have built up the existing system of English provincial banking, as well as those of Scotland and Ireland. Circulation, in fact, preceded and fed deposits, and was a right at common law previous to 1844. Though the power of issuing notes is not, owing to the restrictions imposed on it by the legislation of 1844, either so important or so useful to the English banks possessing it, as to the Scotch or the Irish banks, it is still very valuable to them. The causes which have made the note circulation less servicable to the English issuing banks than to the banks in Scotland and Ireland have been mentioned incidentally in referring to the circulations of those countries; but it will be desirable in this place to give illustrations of the results produced by the absolute restriction of the English issue within the authorized limit.

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Examples of the inconvenience hence arising to English banks were given by Mr Gordon, of the Cumberland Union Bank; and by Mr. Rae, of the North and South Wales Bank. Mr. Gordon stated that with an authorized issue of £35,395, and 17 branches, they were unable to supply their own notes at several of their branches, or even at Carlisle, the head office. Every branch at which notes are issued is restricted to a fixed limit, and makes a daily return of the amount to the head office. There these returns are examined. The progress of the circulation is carefully watched. "If," said Mr. Gordon, "we find they are getting

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near the limit, we telegraph at once, "stop issuing our own notes." A slight excess of issue over the authorized limit, if occurring towards the end of the month, when the return of the circulation is made to the Stamp Office, has to be compensated by a considerable and sudden reduction of circulation. Mr. Gordon stated, "with £50 over on the morning of the fourth Saturday, we had to draw in £1,200." Mr. Rae mentioned an instance of the working of the Act in the case of his bank. They had exceeded the limit in the last week of the return by £5,000 or £6,000, and in order to bring the issue within the average limit for the month, they had then to reduce it more than £20,000. Mr. Rae, whose bank has a circulation of £63,951, and 41 branches, stated that the amount of their circulation was only sufficient to enable them to issue at 21 of their branches. Though the North and South Wales Bank does not issue their own notes at their other branches, or at their head office (Liverpool); yet as they pay their notes at all their banks they have to make a provision of gold for the purpose, even at branches which do not issue. The fear of exceeding the authorized limit with a note circulation payable at so many points, and the very heavy penalty imposed by the Act of 1844 on an excess of issue by an English bank, has compelled the North and South Wales bank to restrict their issues to such an extent, that with an authorized issue of £63,951, the actual average circulation of the last 10 years has been, in exact figures, £58,082. Hence, as Mr. Rae states, they have during the last 10 years been on an average £5,869 within the authorized limit. Thus the prudent precautions needed to avoid the penalties imposed by the Act, have prevented the North and South Wales Bank from availing itself of about 11 per cent. of its authorized issue. Mr. Melville (Smith & Co., Lincoln) also spoke of the inconvenience he experienced at the time of a sheep fair, through the necessity of bringing his average circulation within the limit imposed by

the Act. With the power of issuing notes against gold, such as is possessed by the Scotch and Irish banks, this inconvenience would not have been experienced.

These examples show the great disadvantage at which those English issuing banks, whose circulation is generally close to the limit, work, when compared with the Scotch and Irish banks, which possess an unlimited power of issue against gold.

19. *Advantage of even the restricted issue to the English Banks in accommodating the Public.*

(a.) *The ready exchangeability of the local notes.*

The power of issue, though restricted as it is in England, affords to those banks which possess it great facilities in accommodating their customers and the public. It enters largely into the system on which their business is conducted. These facilities lie in the ready exchangeability of the provincial notes, the freedom from forgery which they have enjoyed, the facilities they afford to small transactions and the beginnings of trade, and in promoting the number of branches. Mr. Seebohm (Sharples & Co., Hitchin), gave very clear evidence on these points.

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The country issues afford a currency of local notes readily convertible into small change, without charge to the holder, wherever they exist, in the towns, and even in the villages, throughout England.

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There are 167 local centres of issue, and between 800 and 900 banks or agencies, at which local notes are exchangeable without charge into coin, as a matter of business, and not of mere favour.

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And local notes are readily exchangeable without charge, even in the villages where there are no branch banks. The village shopkeeper is ready to change them, because he himself can get them changed at the market town which he weekly frequents.

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Local notes are to a large extent made use of and appreciated in towns, as well as in agricultural districts, by persons requiring change for retail transactions and wages.

This use of local notes extends to all parts of England where there are local issues; and those districts where there are no local issues, are mainly those in proximity to branch Banks of England, which are themselves, to some extent, centres of local issues.

It would appear that no issue, not a local issue, can be made thus readily exchangeable. It is the *local* character of local notes which alone makes them so, and it seems to be impossible in the nature of the case, at all events without a very costly machinery, to make a single national issue as readily exchangeable as the present local issues are at this moment. It was shown that banks which have no local issue are obliged to charge a commission for the exchange of Bank of England notes; and that, at any branch of the Bank of England the cashing notes issued at the head office, or the other branches, is a matter of courtesy. Thus Mr. Palmer, Deputy Governor of the Bank of England, on being asked by Mr. Goschen whether a Bank of England note payable at Manchester was legal tender at Liverpool, answered "It is legal tender to the public, though you cannot demand coin for it."

(b.) *Their freedom from forgery.*

The English country issues afford a currency singularly free from the risks of forgery; and it is their local character which gives them this advantage.

If a country note be suspected its genuineness can at once be determined by presentation at the issuing Bank.

Nor is the forgery of local notes likely to be attempted, because the notes forged must be circulated in the locality where alone the local notes imitated have currency. It hardly could be more than a few days before the fact of the forgery must be discovered, and all men be put upon their guard.

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Hence, there has hardly been such a thing known, of late years, as the forgery of a country note. And this quality of local notes is universally appreciated by the public.

But the risk of forgery is a drawback, even now, to the currency of Bank of England notes in country districts. They seldom pass from hand to hand without writing the name of the last holder on the back of the notes.

Were £1 Bank of England notes adopted, the risk of forgery would become still more serious, and this is one of the strongest objections to the issue of £1 notes.

(c.) *The facilities they give to small transactions.*

The facilities which a local note circulation supplies to small transactions, and especially in remote districts in the country, were explained in much detail. Mr. Seebohm stated that at his bank at Hitchin more than 3,000 cheques on other banks were cashed annually without charge, chiefly to small farmers, stock dealers, butchers, market gardeners, who send their produce to towns at a distance, and others. These persons receive in return, from those to whom the goods are sent, cheques drawn on banks at a distance. The local issuing banks are willing to cash these cheques without charge, because their own notes are put into circulation hereby. Mr. Seebohm gave evidence that this practice existed extensively throughout southern and midland England, and was a great convenience and advantage to the public. Mr. Bagehot supplemented this statement with facts supplied by his own bank (Stuckey's Banking Company) in Somersetshire. It was shown that the withdrawal of local notes in these districts, would practically necessitate a charge being made upon these small transactions of country markets.

In England, as in Scotland and Ireland, the existence of the local circulation has facilitated the opening of branches in localities, where it would not answer to establish a bank, which did not possess this power of supplying a circulating

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medium in an economical manner. Mr. Bagehot mentioned that Stuckey's Banking Company had found it advantageous, in order to obtain the circulation of a district, to open branches in remote places where, but for the circulation, such branches would have been unprofitable.

20. *The advantage of the issue to the Banks themselves.*

The advantage of the local circulation in the way of till-money is very considerable to the issuing banks. It enables a great economy of capital to be effected. Those banks whose circulation is habitually below their limit find the power of issuing their own notes of great service on occasions, such as fairs, when an exceptional though periodic demand is made on them for cash. Mr. Palgrave (Gurneys & Co., Yarmouth) stated that when the boats were paid off at Yarmouth at the close of the herring fishing, such a demand for cash arose. "I observe," he said, "that in the year 1873, between the 15th and 22nd of December, a period only of seven days, our note circulation at Yarmouth increased £27,000." This augmentation in the local issue speedily subsided, but the power of meeting sudden demands in such a manner is of great service.

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The use of the circulation to the issuing banks depends thus on many points, which are interwoven so closely with the general conduct of their business as to add greatly to its value. There would be a great reluctance to part with the power of issue, and this applies to those banks which are at the present time on an average much below their authorised issue, as well as to others.

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It was not found very practicable to arrive at an estimate of the money value of the right of issue. Mr. Wade, of the National Provincial Bank, said, "We always looked upon our issue as equal to about £1,000,000 of deposits, without interest. Our issue amounted to £442,371, and we kept most

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of that out. It was nearly always out, and with the value that we attached to the notes in our till as a reserve, we ourselves always looked upon it as equal to £1,000,000. That, perhaps, would have been rating it too high; but we might certainly regard it, speaking in more precise terms, as being worth to us a deposit, without interest, of £600,000 or £700,000."

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Mr. Palgrave stated, "I think that the mere money value of the issue, estimated in that sense only, inadequately represents the value of an issue to a country bank. As I have previously mentioned, it appears to me that the circulation has invariably in every country in which banking has been widely extended, preceded and fed deposits: that is to say, that persons have been attracted or brought to a bank through the fact of their holding the notes of such bank. I think that from that point of view the right of issue possesses a value beyond its mere money value." In this manner, and also through the accommodation which the advantage of a note issue enables a banker to afford to small customers in remote districts, as explained by Mr. Seebohm and Mr. Bagehot, the circulation possesses a value which it is extremely difficult to appraise.

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Some of the witnesses expressed opinions in favour of the local issues being absorbed into one central issue. But these opinions were based on mere theoretical reasons, and no facts were adduced in their support.

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The power of issuing notes in excess of the authorised limit against gold would not, if granted to the English banks, be of the same service to them, generally, that it is to the Scotch and Irish banks. Some banks, such as the Cumberland Union Bank and others in the northern and manufacturing districts, would find this power of service, but the majority of the English banks are, generally speaking, so far within their authorised limits, that such a power alone would be of little use, unless the facilities for amalgamation which the Scotch and Irish banks likewise possess, but which have not

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been granted to the English banks, were conceded with it. An extension of the period over which the averages are taken, corresponding to the arrangements according to which the Irish and Scotch circulations are computed, would be of service to the English banks.

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It was stated that the amounts of gold and Bank of England notes held against the local circulation in England were frequently very large. In one instance twice the amount of the circulation of a bank was stated to be held habitually in its tills, besides of course, reserves in the hands of the London agents. It was mentioned that in former years some banks in London used to issue their own notes. Thus Messrs. Coutts & Co. had a large issue of bills on demand down to the year 1844.

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In case the State took away the right of issue at present enjoyed, those banks who lost the issue would beyond question be entitled to compensation. With reference to this part of the subject, it was mentioned by the directors of the Bank of England that composition at the rate of one per cent. was allowed on £1,415,000 out of the £2,024,690 of provincial issues which had lapsed since 1845.

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21. *The objections to a £1 note issue in England, and the amount of the Gold Circulation in that country.*

Many enquiries were made of the English witnesses as to the desirability of introducing a £1 note circulation into England. Most of them replied that though such a power would be advantageous to their banks individually, they would regret to see a small note circulation in England on public grounds. Such a circulation of notes, of the unit of the currency, would tend to supplant the gold coinage of the country to an undesirable extent, and whether the issue proceeded from a central office or from many banks, it would be liable to be extensively forged. This opinion was held both by representatives of private banks and of Joint Stock Banks, and by the Directors of the Bank of England.

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The objections to a small note circulation were greatly based on the belief that such an issue of paper money would, to a very considerable extent, diminish the amount of the metallic money at present circulating in the country. It was considered that the loss of interest, involved in the maintenance of a large metallic circulation, was a small price to pay for the security so obtained.

Many questions were asked as to the probable amount of gold circulations in the country, and as to the amount of gold which a small note issue might supplant. The replies to both enquiries were of necessity in the shape of estimates. Mr. Palgrave had requested Mr. Hendriks, a well-known authority on the subject, to prepare a calculation which he submitted to the committee, and in which he concurred. In this calculation the amount of the coined gold in the country, together with the bullion held by the Bank of England, was estimated as being from £110,000,000 to £115,000,000. The estimate made independently by the Bank of England was that the total approached £117,000,000. This close coincidence of two independent enquirers supports the correctness of both statements.

There has been, beyond question, a vast increase in the amount of the gold circulation in the country when compared with former years. Mr. Newmarch estimated the amount in 1844 at £36,000,000. Mr. Weguelin, in 1857, at £50,000,000. It was stated that the Clearing House system, which has undoubtedly caused a great economy in the use of Bank of England notes, has caused no diminution in the gold circulation of the country. This appears to fluctuate in amount as trade and employment generally are dull or brisk. A metallic circulation is really cheaper to maintain than a paper circulation, if the amount of the entire issue is held in gold against it. That is to say, the cost of making and maintaining a paper circulation of small denominations, and of such a character as to provide due precaution against forgery, would be greater than the loss by abrasion of a

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gold circulation of sovereigns and half-sovereigns, in about the same proportions as issued by the Mint at the present time.

22. *The Question of Security for the Provincial Note Circulation.*

The Chancellor of the Exchequer (Sir S. Northcote), and other members of the committee made many enquiries, both of the English and the Scotch witnesses, as to the propriety and desirability of obtaining security against the existing note circulation. These questions were asked both as to an issue against gold, and against such securities as a deposit of a sum in consols. Mr. Gordon was authorized on behalf of the Cumberland banks to say that they were willing to give security for their issues. Mr. Rae thought it a matter of great importance that the circulation should be regulated in such a manner as to protect the holder of a note against loss; but both he, Mr. Seebohm, and Mr. Palgrave pointed out that in practice considerable difficulty would be experienced in arranging a suitable method of giving security, which should not be too onerous on the banks, and involve a double security being given; inasmuch as in addition to the security which would have to be lodged in London against the issues, provision would have to be made at the branches of the banks, and also with their London agents, to meet the notes when presented. In the words of Mr. Seebohm, who was in favour of securing the local issues, it would be difficult to find "a security which would not be double in its action."

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23. *The English Provincial Note Circulation: Influence exercised by it in a panic.*

The directors of the Bank of England were of the opinion, in a general way, that a country circulation aggravates the intensity of a panic, but it was admitted by Mr. K. Hodgson "that the crises, both of 1847 and 1857, were very little affected by

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it." The English Provincial Banks, which were mentioned as having applied to the Bank of England for assistance in 1857, were all of them non-issuing banks. Mr. Walter Bagehot (Stuckey's Banking Co.), who was examined after the directors of the Bank of England, stated most strongly, that in his opinion, the fact of a bank being an issuing bank had no effect on the provision it had to make in time of panic. It was also shown by Mr. Palgrave, that the reserve held by an issuing bank was held against its deposits, irrespective of its circulation.

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24. The effect of Centralising the Provincial Issues.

Mr. Edward Howley Palmer, the deputy-governor of the Bank of England, stated, that if the provincial issues were put an end to in England, he had every reason to believe "that the Bank would be able to supply the vacuum perfectly" with its own notes.

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In Scotland and Ireland it would be needful, if the provincial issues were withdrawn, to have centres of issue at Edinburgh and Dublin. If the Bank of England were called on to supply the place of local issues, it would not necessarily increase the number of its branch banks. This would probably cause considerable inconvenience to some portions of the public from the fact that the notes issued by the head office of the Bank of England are payable at the head office alone, and those issued by the branches only at the branch where issued, and at the head office. "The Bank," said Mr. Palmer, "could never accept a legal liability to pay, at any branch, its notes issued at other branches. That would be quite impossible. As a rule, the public are accommodated with any moderate amount of coin they require." It is "at the discretion of the agent" whether he cashed notes of any other branch to a stranger. But this facility was greatly limited by the statement that "we should not cash notes to a

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stranger without an introduction, because the notes which they offered might be stolen, or improperly obtained.”

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The fact, that the notes were legal tender, was considered to diminish the requirement for gold.

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It appeared that some of the branches of the Bank of England had not paid their expenses; this doubtless explains the reason why the Bank was not desirous of extending the number of its branches, even if it extended its issues. The facilities afforded by provincial banks generally to their customers, are larger than those provided by the Bank of England.

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The Directors of the Bank of England stated that the direct profit on the circulation of the bank did not exceed from £90,000 to £100,000 a year. In the case of the Bank of England, as of the Scotch banks, the indirect advantages of the power of issue are doubtless far larger than the direct advantages. The privilege of possessing the right of issue of the only legal tender in the convenient form of bank notes is obviously very great, and is interwoven into the whole method of conducting the business of the Bank of England.

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Some of the witnesses gave evidence in favour of an issue, either to be made by the State, or to be centralised on the Bank of England, as they consider the power of issuing a note circulation to be a prerogative of the Crown or State. But this theory was denied by Mr. Bagehot.

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The great disadvantage which would arise, if the circulation were centralised either on the Bank of England or on a department of the State was clearly pointed out. It is likely that in such a case a difficulty would arise in exchanging such a circulation to obtain the coin, needed for wages or for retail transactions.

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It was pointed out to the Committee that the effect of centralising the provincial issues on the Bank of England would increase the pressure on that bank in times of difficulty, and that, even in ordinary times, the fluctuations in

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the value of money would probably be increased by such a measure. And it was clearly shown that the gain to the State from monopolising the paper circulation of the country would be but slight at best, if, indeed, a loss did not accrue to the State from undertaking this class of business; the power of issuing notes, when separated from the business of banking, being comparatively valueless. Mr. Seebohm gave evidence on this point stating that it was difficult to see "that the extinction of the country banks' issue, and its transfer to the Bank of England would be a source of revenue to the State or relief to the taxpayer." The result would be, Mr. Seebohm stated, that when the arrangement was completed there would remain a net profit to the State, out of which to make compensation to bankers for the compulsory surrender of their issues of not more than £54,300 per annum, "while probably a very much larger amount would be required for compensation."

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A strong opinion also was expressed by Mr. Bagehot that a State issue would in time of panic be very dangerous, owing to the difficulty of placing it under such management as would secure a suitable control at such a moment. "In a panic," Mr. Bagehot continued, "there would be a fearful rush upon the Government to make loans I believe that there is an extremity of panic in which more notes must be issued; the orthodox doctrine laid down by Ricardo is that there is a period of panic at which the restrictions upon the issue of legal tender must be removed. Supposing that to be so, and that you put the legal tender absolutely into the hands of Government, I fear that loans would be made to improper persons, and I still more fear that it would be thought that they were made to improper persons."

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25. *Proportion of the English Provincial issues to the business of the Country; and to the capitals and deposits of the issuing Banks.*

Evidence was given by Mr. Palgrave as to the proportion borne by the note circulation to the exports and imports and general business of the country, and to the gold circulation. This is very much smaller now than it has been at any time since 1844, and it is probable also that it is much smaller at present than at any previous time. The circulation was shown to depend on the wants of the locality in which it was issued. When trade is brisk in them, the circulation expands; in stagnant times it contracts. In those districts, speaking generally, in which the population has remained unaltered or diminished within the last thirty years, the note circulation is now usually within the authorized limit. The altered course of trade, the habit of keeping banking accounts, the depositing money with banks, and the extended use of checks have led to this change. The amount of the note circulation of a bank is not dependent in any way on the amount of deposits it holds.

A great deal of information was supplied to the Committee as to the proportion which the issues of the English banks bore to the general amount of their liabilities. Mr. Palgrave had received information from nearly all the issuing joint-stock banks in England. As the greater part of these banks desired the returns they made to be kept private, it became, therefore, desirable to publish them only in the aggregate, and in such a manner that the name of the bank to which the statement referred could not be traced. These statements are subjoined. Though no similar returns from the English private banks can be published, their position, in this respect, was understood to be very similar to that of the joint-stock banks. These statements show that the proportion which the

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circulation in notes bears to the general liabilities of the issuing banks is now very small—not above 4 per cent. of their general liabilities. This is a very different state of matters from the proportion which the circulation bore to the deposits at earlier periods of banking history both in England and Scotland. Mr. Palgrave was able to trace the proportion of circulation to deposits in the case of one bank for the last forty years. At the earlier period the circulation was 50 per cent. of the deposits; in 1874, it was but 10 per cent. of the deposits. Mr. Palgrave had requested every bank of which he was able to ask the question, what the proportion of the circulation to the deposits was in 1844 and at the present time. In 1844, the general average was 17 per cent.; in 1874, it was as previously mentioned, 4 per cent. only. An estimate made by the late Mr. William Leatham, of Wakefield, (but not given in the evidence), at an earlier date, was, that the deposits of the country banks in England were about 20,000,000, and that their note circulation was 12,000,000.

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Complete information on the subject of the capitals and deposits of the English provincial banks were not forthcoming, but Mr. Palgrave stated that those provincial banks who had replied to his enquiries, possessed capitals in the proportion of 18 per cent. to their liabilities, showing, in his words, “the very strong position of English provincial banking” in this respect.

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26. *The periodic Fluctuations in the Provincial Circulation dependent on the requirements of Trade, and not on the action of the Banks themselves.*

The fluctuations in the country circulation were shown to be periodic, both in the circulation of the Bank of England and of the provincial banks, in England, Scotland, and Ireland.

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Between the months of August and October in each year an addition to the circulating medium of the country, amounting on an average of years to something like £500,000, is supplied from the English country note issues. This means, beyond doubt, that a demand not only for half a million of money, but to a considerably greater extent, has been spared to the reserve of the Bank of England. If the provincial circulation did not exist, the demand on the reserve of the Bank of England which would take place would be not merely as large as the amount of increase in the provincial note circulation itself, but would be considerably larger. The reason is this: Every banker has to supply his till with as much of the circulating medium as the wants of his customers are in any way likely to demand; in estimating this amount, he naturally is compelled to keep on the safe side, and to hold rather more than they are likely to want. Whilst he can supply the demand with his own notes, and his circulation is well within the limits fixed by the Act of 1844, he feels no stringent necessity compelling him to measure that demand with the closest exactness. Should the demand be on any occasion a little larger than what he expects, his unused store of notes, so long as his circulation is within the limits fixed by the Act of 1844, will supply the deficiency. But if he were compelled to employ the notes of the Bank of England, he would have to provide beforehand not only for the actual, but for the possible requirements of the locality. Including branch banks and sub-branches, the existing country note circulation in England and Wales is at the present time issued at fully 800 offices throughout the country, at every one of which a sufficient supply of cash must be kept. It is probable, therefore, if the provincial note circulation did not exist, that the necessity of keeping an ample supply in hand for the wants of their customers would compel those bankers whose circulation now expands annually in the month of October to keep in hand

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a supply of Bank of England notes at least half as large again as the annual expansion of the provincial note circulation now amounts to. If to a demand on the Reserve of the Bank of England of half a million in the autumn, a further requirement was added, which would bring the total up to some seven hundred and fifty or eight hundred thousand pounds, it would amount to a formidable demand on the reserve of the Bank. Even as matters stand, there are some reasons for believing that the reduction in the English Provincial note circulation, caused by the Act of 1844, has not been without an influence on the rate of discount charged by the Bank of England in the month of October, through the greater requirements made on the bank reserve in that month. At all events, it is certain that if the rate of discount charged by the Bank of England in the month of October during the ten years from 1855 to 1864 is compared with the rate charged during the ten years from 1865 to 1874, it will be found that the rate charged during the latter period is higher, in proportion to the yearly average, than that charged during the former. This appears to indicate that as some banks are no longer able to supply the requirements of their local demand in the autumn with their own local notes, and have therefore to employ the notes of the Bank of England, thereby diminishing the reserve of the bank, this augmented demand on the reserve of the bank has caused a greater stringency in the rate of interest in the month of October.

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Corresponding to the annual rise in the provincial note circulation between the months of August and October, an annual diminution recurs regularly in it every year between the months of April and August. In order to exhibit the extent of the annual fluctuations as well as the proportions which they bear to the average circulation of the year, tables are added, showing the extent of the periodical diminution which occurs every year between the spring and the time

immediately before harvest, and the periodical rise which takes place in it during the activity of business which follows the harvest. The tables extend over the thirty years which have elapsed since the passing of the Bank Act; they point out most distinctly, not only that these fluctuations occur every year, but that notwithstanding the great diminution which has been caused in the provincial note circulation through the operation of the Act of 1844, the fluctuations recur annually with the same regularity now as in the earlier years when the circulation was considerably higher. The columns of proportionate numbers enable this to be traced very clearly.

It was probably through a want of acquaintance with these periodical fluctuations of the provincial note circulation, and forgetting the effect of its not being legal tender, that Mr. Gladstone was led to make the remarks with respect to it which he did in the year 1866. His words were, "What part has been played during this period by the country bank circulation? Has it been found available for the wants of the country? There has been an immense demand for notes and coin. If the country note circulation had been in a satisfactory state, it is evident that not only the notes and coins of the Bank of England, but those of the country banks themselves would have been largely drawn upon. Instead of that, however, we have actually seen the country bank circulation diminished by not less than a million, at the very time of this drain upon the Bank of England." There is no doubt, whatever, as to the fact which Mr. Gladstone comments on. The country note circulation was about a million lower in the August of 1866 than it had been in the May of 1866. But it is also the fact, that a drop of more than half a million annually occurred at that period of the year at the date of which he was speaking, as is shown by the tables added. In some of the years that preceded 1866, the drop considerably exceeded half a million. In

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1863 it was £620,000, in 1854 it was £700,000. Without recurring to these occasions in which the summer diminution was larger than usual, there was a special reason in 1866 why the drop in that year should have been greater than ordinary. It was the period during which the National Provincial Bank was relinquishing its issue.

The notes of the National Provincial Bank, which at that time were being withdrawn from circulation, and were included in the weekly returns made to the Stamp Office, amounted

On the 7th April, 1866, to	...	£102,770
„ 12th May	„ ...	81,323
„ 28th August	„ ...	43,447

A diminution of something near £60,000 beyond the ordinary drop is, therefore, owing to this cause. Nor can the influence of the high rate of interest allowed on deposits by banks, and equally of the high rate charged by banks on overdrawn accounts at that time be overlooked in considering the matter. During such times of high interest a premium is really offered by every banker to those who will bring his notes in. The debtor of the bank has a strong motive to do this to save interest, the creditor of the bank to gain interest. A considerable diminution also doubtless was due to the stagnation in business which followed the panic. The panic stopped many business transactions; and circulation depends on business transactions.

By examining the returns of the country note circulation it is clear that the drop in it between the months of April and of August, 1866, though unusually large, yet formed only a part of a series of fluctuations which recur periodically, and that it was succeeded by an exceptionally large rise in the month of October in the same year—a circumstance which undoubtedly explains that both the unusually large contraction, as well as the unusually large expansion, were

speaking generally, caused by the expansion and contraction of business requirements. The regular ebb and flow which occur in the provincial note circulation show the service which it renders to provincial trade. Neither an issue of Government notes, nor one from a central bank could give the same sort of ready assistance to the internal trade of the country.

27. Correspondence in date between periodic fluctuations in Scotch and Irish circulations, and some fluctuations in the rate of discount charged by the Bank of England.

Mr. Palgrave's evidence further showed that some of the periodic fluctuations in the rate of discount correspond with the fluctuations in the amount of the Scotch and Irish circulation, and in the composition of the note circulation, which is now, as will be seen by a reference to the tables which will be found towards the end of this volume, far more largely composed of notes issued against gold than at any period since 1844. The result of this is that the periodic fluctuations in the Scotch and Irish circulation, and the periodic fluctuations in that part of the English provincial circulation which now consists of Bank of England notes, are transferred to the reserve of the Bank of England. Hence, as the tables of the rate of discount charged by the Bank of England from 1845 to 1874 show, the rates charged in the months of May and November, when the Scotch demand is at its highest, are now on an average of years distinctly beyond the ordinary rate of the year. The tables of the rate of discount charges for first-class bills from 1825 to 1844 show no corresponding advancement of the rates in May at that period, though the autumn demands have always caused a rise of the rates in the later months of the year. This autumn rise, it will also be seen, has been enhanced of late years. A statement made by Mr. Weguelin

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at one time Governor of the Bank of England, to the Select Committee of the House of Commons on the Bank Acts, 1857, is to the effect that at that date there “existed periodically a demand for currency from the Scotch and Irish banks, which, whilst it produces a most sensible effect upon the Bank of England reserve, is uncontrollable by any action of the bank. At certain periods of the year, especially after harvest, the demand for currency commonly greatly exceeds the authorized issue, and as the excess must be issued on gold deposited in certain specified places, that gold is withdrawn from the bank reserves to be again restored to it when the reflux of the currency of the Scotch and Irish banks takes place, which is usually in the months of December to March. The Scotch banks exceed their authorized aggregate issue, but with the Irish banks, although the aggregate issue is not usually exceeded, yet it often happens that some are in excess whilst others are under the authorized amount; but as each bank has to provide for its own excess the demand on the London bullion reserve is as great as if the whole Irish circulation had gone beyond its limit. The banking reserve is acted upon disadvantageously, in similar proportions, as practically speaking it must be understood that the banking reserve is the balance of the total issue after satisfying the wants of the public for circulation.” The statement as to the fluctuations in the rate of discount and in the banking reserve laid before the committee by Mr. Palgrave, showed that the result had corresponded very closely with Mr. Weguelin’s anticipations. The increase in the Scotch issues since 1857 and the greater pressure exercised in consequence by them in the months of May and November have been distinctly reflected in the rate of discount charged by the bank. And there can be no doubt that the centralizing on the Bank of England, the provincial circulation of the English banks, would lead to the periodic fluctuations in that circulation influencing the reserve of the Bank in a similar manner.

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28. *Difference between the privileges of circulations in
England, Scotland and Ireland.*

The privileges of the note circulation possessed by the English issuing banks are obviously far from being as valuable as those possessed by the Scotch and Irish banks. The English issuing banks cannot make as much use of their circulation through the greater restrictions imposed on them.

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The description of the manner in which the Scotch and Irish circulations differ from those of the English issuing banks, which will be found in the analysis of the evidence referring to those countries, explains the great advantages which the Scotch and Irish banks possess in consequence of the method of estimating the circulation in use among them, and the power of issue against gold. The power which the Scotch and Irish banks possess of amalgamation, without losing the right of issue, has also been of great service to them. Connected with this part of the subject is the restriction as to the number of partners in English banks of issue, who are limited to six. This restriction, which was originally imposed on them in the interest of the Bank of England, cannot now be considered as desirable.

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The proposed Banking Bill of 1865 would have removed this restriction ; but the terms on which the Government of that day proposed to deal with the circulation generally, were so unfavourable to the issuing banks, that they opposed the measure, which was withdrawn.

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The difference between the proportion of the actual and authorised issues of the English banks and of the Scotch and Irish banks, at the present time, has been, generally speaking, explained by the facts which have been mentioned. Through the operation of the clauses in the Act of 1844, respecting the lapse of issue when a private bank amalgamates with or becomes a joint-stock bank, or when

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two joint-stock banks amalgamate, the provincial issue has either been reduced in, or removed from, the districts in which it was most active. In these districts also the absence of the power of issuing beyond the limit on a basis of gold which the Scotch possess, has compelled the banks possessing the power of issue to keep considerably within their limit. An increase in the use of cheques has tended to diminish the amount of the active circulation. This has been the case in Ireland as well as in England. An increase in the deposits of banks, partly owing to an increased practice of allowing interest on deposits, has been of influence in the same direction.

The provincial issues in England having considerably declined, for the reasons just mentioned, since the passing of the Act of 1844, some inquiry was naturally made into the intention of Sir R. Peel as embodied in that measure. It was shown to have been understood by provincial bankers as a final settlement of the question, and that it was intended that the rights of issue then possessed by the various banks should be retained so long as they existed, though at the same time Sir R. Peel desired to pave the way to a system of central issue.

There was a general expression of opinion that no issuing bank can force its notes on the public, as long as those notes are freely convertible into gold. The amount of the note circulation represents the requirements of the public.

It is clear from the evidence given, that some at least of the non-issuing banks, as well as the Bank of England, would object to any greater privileges being given to the issuing banks than those which they possess at the present time. On the other hand, if Parliament sanctioned the opening offices in London by all the note-issuing banks in the three kingdoms, the National Provincial Bank would ask to have its issue restored as a matter of equity. And some of the non-issuing banks both in England and Ireland would prefer being "levelled up" to the issuing banks, and expressed a desire

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to share in the advantages of the privilege of issue. Some of the representatives of the issuing banks expressed an opinion that they would not be justified in endeavouring to exclude their neighbours from the privileges which they themselves possessed.

English joint-stock banks of issue are at the present time prohibited from opening offices in London unless they forfeit their rights of issue under the Act of 1833. English private banks of issue appear however to have the right to do so.

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29. *Competition between issuing and non-issuing Banks in England.*

With regard to the inequality as to privileges between the issuing and non-issuing provincial banks in England, evidence was given to the effect that many of the principal banks which at present have no issue, might have possessed the right had they thought it desirable to do so, as they were established before 1844. Other banks also which had a power of issue earlier than that date relinquished it of their own choice, and have received, and still enjoy compensation therefore. Nor has the fact, that no new bank established later than the year 1844, could possess the privilege of issue, apparently been any hindrance to the formation of new banks in England; as the amount of new capital invested in provincial banking since 1844, was shown to have been very considerable, all which capital was invested in the business with the knowledge of the position of the law respecting issues, and that the banks so established must remain unissuing banks.

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Mr. Rae, in reply to the question, "Do you consider that the privilege of issue which is enjoyed by private and joint-stock banks in England, has the effect of preventing the establishment of additional banks in England wherever they are required?" answered, "I do not think so. I find

that during the last 20 years there have been established in England 38 new joint-stock banks, the paid-up capital of which is £9,418,547, and their reserve funds amount to £2,293,948, making together £11,712,495."

Evidence was also given that there was sufficient banking accommodation in England, both in London and the provinces; and that the keen competition between English banks ensured the opening of fresh banks and branches, wherever there seemed any prospect of carrying on business profitably.

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30. *Comparison of method of conducting business in England and Scotland.*

Enquiry was made as to the method of conducting business in England and in Scotland, and as to the rates of commission charged to customers and of interest allowed to them in the two countries. It was contended that there was not much difference in this respect in the practice in Scotland and that of the the English country banks, and that such difference as there was lay rather in the method than in the amount of the charges. The English witnesses of whom the enquiry was made, held that the terms allowed to their customers taken as a whole, were as liberal as those of the Scotch banks. Comparisons were drawn between the rates of profit made by the Scotch banks and those made by some of the English provincial banks, whose accounts are published. According to a statement made by Mr. Gardner, the profits made by Scotch banks were much lower than those made by English banks. But witnesses, both from England and Ireland, held that the inference was an erroneous one, and that in a general way, the profits of provincial banking carried on under similar circumstances were, on the whole, similar in all parts of the empire.

919, 1272
1362-85
1486-7
1779, 1794-5
1799, 1807
1864-6
1963-6
2028, 2051
2057
2070-1
3543-4
3725-7
4378-83
5144-9
5333-6
5375-80
5805
6124-5, 6168
6193-5
6212
6446-7
6522-4
6560, 6636
6837-9
7977-8

31. *The object of the Scotch Banks in opening offices in London.*

The object of the Scotch Banks and of the National Bank, in opening offices in London, was carefully investigated.	28-30
Mr. Fleming, who stated that he had opened the London office of the Royal Bank of Scotland, with "not a little hesitation and regret, for I think it adds very seriously to the responsibility of bank management," stated also that he felt compelled to do so in self-defence. "The object" he said,	2882
"is to give greater facilities to the customers of the bank who have London connections. But in order to answer that question properly and fully, I should explain to the Committee the change which has come over the course of commercial business during the last twenty or thirty years. Thirty years ago, I dare say it was quite an exception for a Scotch merchant to accept bills payable in London, or to think of having a London banking account; but nowadays it is quite an exception with large mercantile houses in Glasgow and Dundee, and other Scotch towns, to accept a bill payable in Scotland; they are all domiciled in London. Their remittances from abroad come home in the shape of bills drawn on London and payable there. It is obvious, therefore, that a Scotch merchant whose transactions are of that character, has a very great temptation to open an account with a London banker, because he can retire through that account his own acceptances, and he can discount either with his bankers or with bill brokers, the remittances which he receives. We found, therefore, in Scotland, that this temptation arising from the change of business, was leading our own customers to think of opening accounts with London bankers; and for our own preservation and self-defence we considered that it was necessary to be able to offer to our customers the same facilities. That really was, I believe, what	1703
	28
	1044-5
	1475-8
	1690-9
	1700-7
	1713
	3711-13

led the National Bank of Scotland, who came to London about ten years ago, to think of coming. Those, certainly, were the circumstances which led the Royal Bank of Scotland to attach importance to the extension of their charter." The Royal Bank, it will be remembered, obtained an Act of Parliament in 1873, to enable them to open an office in London, which had been prohibited by their original charter. It may be desirable to mention that in the first application to Parliament, the power of opening offices anywhere in England was included, but in consequence of objections raised by the English country bankers, the Royal Bank voluntarily limited the operations of the Bill to London, having then no desire or intention of going to the provinces.

143-6
1888-96

Mr. Davidson, of the Bank of Scotland, expressed himself much to the same effect as Mr. Fleming, in reply to a question put to him by Mr. Goschen.

"Do you contemplate, if you remain in London, extending your London business, and offering facilities to London customers?—I have no difficulty in answering the question. Perhaps I ought first to explain the objects which the Bank of Scotland had when it opened a branch in London. But, in connection with that subject, I think it right to mention that when the bank was established in 1695, its directors were one half in London and one half in Scotland. It had an establishment in London for eight or nine years, and then it was withdrawn. I merely mention that as part of the history of the bank. The necessity for the Scotch banks keeping their reserves in London has been already mentioned here to-day; and I may add to that, that the tendency has been of late years for Scotch commercial houses to open London accounts. The directors of the Bank of Scotland came to the conclusion that the reserves of the bank being so much increased lately in consequence of the larger amount of deposits which it holds, they would prefer to manage these reserves themselves rather than through agents; and they

1044

also wished to avail themselves as far as possible of what I have mentioned regarding the practice of opening accounts by Scotch houses in London. But, in addition to these reasons, the bank hoped that it might also participate in London business. It felt that it had an undoubted right to be in London, and it saw no reason why it should not look forward to participating in London business. I mentioned on Thursday last that during the last ten years the deposits of the Scotch banks had increased to the extent of £22,000,000. It has been found difficult to employ the whole of these banking resources in Scotland, and it has been necessary, therefore, to a very considerable extent, to use them in London. This formed another inducement to the directors of the Bank of Scotland to open a branch in London."

Mr. Goschen also put a very similar question to Mr. Fleming, of the Royal Bank of Scotland, with regard to the reasons which induced that bank to open in London. The question and the reply are as follows:—

"You were asked a question with regard to the objects of the Scotch banks in coming to London. There are two objects, are there not, that might be in view in the Scotch banks coming to London. The one to save the expense and inconvenience of having to employ other people in London to manage their Scotch business, and the other to take part in the general banking business of London?—I do not put it so. First of all I frankly admit that were the question of economy the sole question, it would never have induced the Royal Bank to think of coming to London, because I do not believe it is a matter of economy. In other words, I think a London establishment is necessarily attended with greater expense than the conduct of business through other London bankers; but what led the Royal Bank chiefly to desire to come to London was this: that the establishment of the branches of two other Scotch banks had introduced a new element into the competition amongst the Scotch banks,

1690

that their establishment had pointed out to mercantile men in Scotland, customers of all the banks in Scotland, the facilities which a London banking account gave to them. The practice of accepting mercantile bills payable in London has extended very greatly within the last twenty or thirty years, and a merchant in Glasgow carrying on a large foreign business can conduct his financial banking operations quite as well through a London banking account as he can through a Scotch bank. The result of that was that a temptation was held out to our Scotch customers to open banking accounts in London. Our great object, therefore, is to preserve our Scotch business, and by means of this London office to give to our Scotch customers the facility which they would get elsewhere, and to maintain our connexion with them. I do not mean to say that if business of a class which we thought ourselves quite capable of conducting, and which we regarded as safe business, arose, it would be rejected. Quite the reverse; but so far as our establishment in London is concerned, it is in its infancy."

These answers of Mr. Fleming and Mr. Davidson state the reasons why they opened offices in London so completely, that it is not needful to add any further explanation. The tendency of business at the present time to centralise in London, renders the Scotch banks desirous of opening offices there. They find a considerable Scotch population ready to do business with them.

Mr. Wade gave evidence as to the advantage which a London office had been to the National Provincial Bank. A London office is doubtless of much service to some banks, but it was not considered as essential to all; and it was pointed out that it might in some circumstances be a source of risk to a bank. A local bank, particularly in a mixed district, of which some parts supplied deposits and others a demand for loans, was shown to have an advantage over a branch bank of a larger concern, with a head office at a distance, in fostering the trade of the district.

2195-8

2489

6752

6778

4473

4958

5884

7005-6

32. *Scotch Banks, through their monopoly of Banking business in Scotland, able to levy a charge on the English Banks which have business to transact in that country.*

Evidence was given to show that the peculiar advantages which the Scotch banks enjoy, through the practical monopoly which they possess of banking in Scotland, tended to attract business to them. Mr. Jervoise Smith (Smith, Payne & Co.) mentioned an instance of a Company which had formerly kept an account with his bank, but which had been compelled to move it to a Scotch bank because commissions were saved on cheques remitted to Scotland by so doing. They stated, Mr. Smith said, that their reason for withdrawing was, that their business lay a good deal in Scotland, and that in consequence of the establishment of a London agency of a Scotch bank, they found it to be more in the interests of their proprietary that their business should be conducted free of charge, as it would be with the Scotch banks.

Mr. Smith further stated that the Scotch banks were able to make a charge for collecting cheques drawn on themselves in Scotland, while the Scotch banks, however, can if they choose, remit those cheques on English banks, which are paid to them in the ordinary course of their business to their agents in London, and receive cash for them through the country clearing without incurring any charge. The representatives of the Scotch banks stated, however, that in consequence of the extra delay incurred in the collection of a cheque through the means of the country clearing, a Scotch bank would not feel at liberty to collect a cheque in that manner without obtaining the leave of the customer who had paid it in for so doing. It was shown that in practice the extra delay occasioned by employing the country clearing did not exceed one day. It is probable that the principle on which the decision in the case of *Hare v. Henty*, the case on which the

6884-5
7054-7
7064-8
7073-5

7113-30
7147
7331

5001
4975
6179
7187-89

1385
1768-78
2249-51
4387
4720-25

5003-15
5140
5142-3

right of English country bankers to use the country clearing is founded, would apply to the Scotch as well as to the English banks. It was shown to be the fact that through the country clearing Scotch banks could collect cheques, &c., throughout England free of charge, while the monopoly they enjoy enables them to charge English banks from 1s. to 2s. per cent. on cheques, bills, &c., payable in Scotland. Thus, for instance, at the latter rate, a bank which collects annually £700,000, payable in Scotland, would be placed at a disadvantage of £700 a year as compared with a branch of a Scotch bank established in the same place. With regard to an English bank collecting cheques drawn on banks in Scotland by an agency of its own established in that country, it was shown to be absolutely impossible for an English bank, or any bank without the privilege of issue, to open a branch or to undertake business in Scotland with any chance of success, and that, therefore, banks out of Scotland were compelled to remit cheques drawn on Scotch banks to them for collection, as it was impossible to establish an agency for the purpose.

5696-699
6626-28
7193-5
7200-5
7256-68
7534-5

6865-69

8054-6

33. *The effect of opening offices by Scotch Banks in London and in England.*

Evidence was given to show that the Scotch banks would not bring further capital to the English money market by opening offices in London. Such banks would confer no benefits on the English public which they could not receive from the banks already established in London, as the Scotch banks in England follow the English system of banking, and in consequence the English public would not be gainers thereby. A London office of the Scotch banks, for management and not for banking business, was recommended by one of the English witnesses. Mr. Bagehot suggested that as the law was so doubtful, the point whether Scotch banks could legally open offices for banking business in London, should be tried in a Court of Law. In this case it

4253-4
1693-99
1700
5907-9
5962
6113
6891-94
7217-18
8067
6411
7965

is presumable that the action would have to be taken in the name of the Bank of England. 3717-19
3625-27

The evidence respecting the importance to the Scotch banks of opening branches in other parts of England than in London, was most conflicting. The Royal Bank of Scotland had willingly withdrawn the power of opening them. The Clydesdale Bank, on the contrary, was anxious to establish them, and had already opened three branches in Cumberland. 3772
3700, 3706
1752-3
3634
3933-9
4048-9
4073-76
4095-98

The English witnesses were under the impression that the opening branches of Scotch banks in England would increase the circulation of Scotch notes in England. The Scotch witnesses did not consider this was likely to be the case, but evidence was given that, as a matter of fact, the circulation of Scotch notes in the north of England had distinctly increased during recent years, and the banks in the north of England were shown to have a grave cause for complaint, in the circulation in their districts of a class of notes distinctly prohibited by the legislation of 1844. 6203-4
6631-34
6895-6
8068, 8148
2033-4
2093
3985-7
4007
4356-7
5104-5
5155-6
5909
6056-7

The witnesses on behalf of the English banks, who expressed any opinion on the subject, were unanimous in stating that they would not object to the competition of the Scotch banks if it were on equal terms; but the Scotch banks denied that there was any inequality. 6176, 6576
6580, 6713
6740, 6747
6904
7136
7210
7251

The mind of the Bank of England upon that point, to quote the words of Mr. Kirkman Hodgson, "may be said to be a sheet of blank paper." Mr. E. H. Palmer (Deputy Governor of the Bank of England), however, was of opinion that the London bankers had a grievance in the case. 8051-3
7761-6

34. *Position of Foreign and Colonial Banks with offices in London, and with rights of issue out of England.*

Foreign and colonial banks with offices in London, and possessing the power of issue out of England, were shown to 5346

stand on a different footing from the Scotch banks, as their rights of circulation were based on permission granted not by imperial but by colonial legislation. It was likewise shown that the competition between English and Scotch insurance offices was not of the same character as that between English and Scotch banks, because the business of insurance was carried on in both countries under precisely the same legislative conditions.

6183
7176
7322
7478
8080

35. *Acceptances by Banks in London, and practice in some foreign countries as to Legal Tender Issues.*

Evidence was likewise given as to the practice of granting acceptances by the banks in England, and particularly in London. It was shown that to accept bills directly against produce was not legitimately banker's business but merchant's business. Mr. Davidson stated that none of the acceptances of the Bank of Scotland were of this character, that with regard to the National Bank of Scotland, which also had a London office, he was given to understand that their acceptances were of the same character as those of the Bank of Scotland, and that the Royal Bank of Scotland had, at the date of inquiry, no acceptances in connection with its London business.

1145-7
6211
6405
6624-5
6888
6940.4
6948-52
7164-8
7417
7315-25
7366-7
7374-7
7752-6

Mr. Davidson's words were : " As the Bank of Scotland's figures, given in the return of the position of the Scotch banks to the Committee, were mentioned, I was anxious to make an explanation in contradiction of a statement which I thought was made by the last witness. The figures mentioned were about £1,600,000. A part of that, £179,000, consisted of drafts at short dates, for which the bank had received payment in money ; but which were still outstanding. The remainder, £1,443,000, consisted of the acceptances of the bank ; and although I have not the figures accurately, I am

7288

quite sure that I am within bounds when I state that between £1,100,000 and £1,200,000 of those consisted of acceptances to banks of very high standing in India and in Canada. The remainder, a comparatively small sum, arose out of the bank's ordinary transactions in connection with its customers in Glasgow, Dundee, and elsewhere. I am anxious to disabuse the minds of the Committee of the idea that the Bank of Scotland has entered into large transactions in the way of granting the use of its credit without exercising the utmost caution and care."

Some other points were incidentally referred to. The new German Banking Law prohibits issuing banks from giving acceptances at all. It was mentioned that the notes of the Banks of France and Prussia are not legal tender, and some points in the Swedish Banking Law were quoted by Mr. Palgrave, showing the attention which has been paid in that country to ensuring the stability of banking institutions, and the convertibility of the note.

6162

6206

6624

In Sweden the notes of the State bank are no longer allowed to be legal tender for the purpose of taking up the notes of another bank; but it is required by the law that the notes of any bank should be payable in gold only. This enactment places the whole circulation of the country distinctly on a metallic basis.

6163

A provision in the Swedish Banking Law, as was also mentioned, renders speculation in the shares of a bank impossible; the assent of the Proprietary at a general meeting of the Banking Company, being essential to a transfer of shares.

It was also suggested that arrangements should be made for holding a considerable amount of first-class foreign bills in this country for the purpose of mitigating the effect of a foreign drain for gold.

6165

The growth of the deposits of the London Joint Stock Banks since 1844 was also mentioned. From an aggregate of about 8 millions in 1844, their liabilities have increased to

5543

110 millions in 1875; their capitals in 1845 were about 2 millions, and in 1875 about 12 millions and a half.

Opinions were expressed by several of the witnesses that the rate of interest allowed on deposits was frequently undesirably high in a broad sense.

2834
2902-4

36. *The Reserve held by the Bank of England the Central Reserve of the Country.*

It was shown that the reserve held by the Bank of England was the central reserve of the country; the only reserve to which other banks could look for assistance in any time of panic or pressure, for in the case of panic referred to by Mr. Hodgson, even Consols were unsaleable for money. The reserve of the Bank of England is, in fact, the main reserve in the shape of cash in the United Kingdom. As Mr. Bagehot stated, the gold and Bank of England notes held by the other banks, both in London and the country generally, are rather "till money" on a large scale than actual "reserve."

6379-80
6458-61

6495-6

The proportion of "reserve" to "liabilities" was enquired into, and the actual cash reserves of all descriptions were stated to bear but a very small proportion to the total banking liabilities of the country.

6501-4
6828
7627-9
7645
7809

Some enquiries were made, especially of the directors of the Bank of England, respecting the balances of the London bankers at the Bank of England. Mr Hodgson stated that "in time of panic the bankers must work with much larger reserves in our hands than at other times. In time of panic the class of deposits which does not go down with us is the class of banker's deposits." This question, however, was scarcely in any sense within the terms of reference to the Committee, though the subject is a very important one.

7880
7884
8039-40
8047-50
8099
8104
8111-17
8168-70
8190-1
8214-6
8220

37. *The difficulties in assimilating the Banking Law of England, Scotland and Ireland.*

The difficulties in the way of assimilating the banking law in England, Scotland and Ireland were shown. The Scotch and the Irish would be most unwilling to abandon their system of a small paper currency, while the majority of the English witnesses were strongly of opinion that a £1 circulation would be most undesirable in England. Since therefore the difficulties in assimilating the banking law in the three kingdoms were so great, it was contended that the Scotch banks should not be allowed to undertake business in England while retaining their exclusive privileges in their own country. It was allèged by the English witnesses that their doing this was contrary to the spirit of the legislation of recent years, and that as the possibility of a Scotch bank opening an office in London had hence not been contemplated in 1845, this which had not been anticipated, had not been guarded against by express legislation at that date.

As regards the legal rights of the Scotch banks to open branches in London and the English provinces there was diversity of opinion between the Scotch and English witnesses.

It was admitted that under the Acts of 1697-8 and 1707, all joint-stock banks of issue were originally excluded from England during the continuance of the privileges of the Bank of England. Also that this exclusion is still in force, subject to the Acts of 1826 and 1833.

But Mr. Fleming, on behalf of the Scotch banks, contended that the Acts of 1826 and 1833 (on which he entirely relied, Nos. 56, 111) had so explained or modified the original exclusion as to let in any joint-stock banks, provided that (in the words of the Act of 1833) they did not "borrow," owe, etc., on their notes, etc., *in England* (Nos. 157, 158), the Scotch banks do not do.

6164
6430

1720-1
1735-7
1888
1966-8
1970-3
2015-19

Sir H. Thring and Mr. J. F. Stephen, on the other hand, considered that the Acts of 1826 and 1833 were, by their title, preambles and evident intention throughout, clearly intended to refer to English banks only, and so could not be held to confer privileges upon Scotch banks, which were not within their scope, and that therefore the words "in England," in the proviso of the Act of 1833, on which the Scotch banks rested their case, could not rightly be construed as intended, by implication, to open to Scotch banks of issue the door which was expressly declared to be shut against English joint-stock banks of issue. (Nos. 214, 218, 226, 233, and page 434, *note*.)

They contended that the original exclusion under the Acts of 1697 and 1707 as explained by the Act of 1833, was of banks *ejusdem generis* as the Bank of England, *i.e.*, joint-stock banks of issue (citing as an authority the case of the *Bank of England v. Anderson*), and that the Act of 1833, being simply in its terms declaratory of what the law was, did not alter the law in this respect, so that the Scotch banks, although not issuing notes out of Scotland, yet being nevertheless in their constitution joint-stock banks of issue, are still within the terms of the original exclusion. (Nos. 206, 208, and page 434, *note*.)

For the legal evidence the reader is referred to the Parliamentary Blue Book under the above references; it was not thought needful to include extracts from it in this volume.

It was obvious from the tenor of the evidence generally, that the difficulties in the way of assimilating the law of banking in the three kingdoms are very great. Should any legislation on the subject be proposed, a united action on the part of bankers generally is most strongly to be desired, in order to bring any alteration in the law to a satisfactory conclusion.

SELECTION FROM THE
MINUTES OF EVIDENCE
TAKEN BEFORE THE
Select Committee of the House of Commons
ON
BANKS OF ISSUE.

THE NAMES OF THE MEMBERS OF THE SELECT
COMMITTEE, AND THE CONSTITUENCIES REPRESENTED BY THEM, ARE AS FOLLOWS:—

The Chancellor of the Exchequer (The Right

Hon. Sir Stafford H. Northcote, Bart.),

Chairman	...	...	...	<i>North Devon.</i>
Anderson, George	...	...	...	<i>Glasgow.</i>
Backhouse, Edmund	...	...	...	<i>Darlington.</i>
Balfour, Arthur J.	...	...	...	<i>Hertford.</i>
Campbell-Bannerman, Henry	...	...	...	<i>Stirling, &c.</i>
Cave, Right Hon. Stephen	...	...	...	<i>New Shoreham.</i>
Denison, Christopher Beckett	...	...	...	<i>York, W.R., E. Div.</i>
Ewing, Archibald Orr	...	...	...	<i>Dumbarton.</i>
Goschen, Right Hon. George Joachim	...	...	...	<i>City of London.</i>
Gower, Hon. Edw. F. Leveson	...	...	...	<i>Bodmin.</i>
Hubbard, Right Hon. John G.	...	...	...	<i>London.</i>
Kavanagh, Arthur MacM.	...	...	...	<i>Carlow Co.</i>
Lloyd, Sampson S.	...	...	...	<i>Plymouth.</i>
Lubbock, Sir John, Bart.	...	...	...	<i>Maidstone.</i>
Mulholland, John	...	...	...	<i>Downpatrick.</i>
Montgomery, Sir Graham G., Bart.	...	...	...	<i>Peeblesshire.</i>
Mundella, Anthony J.	...	...	...	<i>Sheffield.</i>
Norwood, Charles M.	...	...	...	<i>Kingston-on-Hull.</i>
Shaw, William	...	...	...	<i>Cork Co.</i>
Torr, John	...	...	...	<i>Liverpool.</i>
Vivian, H. Hussey	...	...	...	<i>Glamorganshire.</i>

Wednesday, 17th March, 1875.

Ordered, THAT a Select Committee be appointed to consider and report upon the restrictions imposed and privileges conferred by Law on Bankers authorised to make and issue Notes in England, Scotland, and Ireland respectively.

Tuesday, 13th April, 1875.

Ordered, THAT the Committee do consist of Twenty-one Members.

Committee nominated of—

Mr. Chancellor of the Ex-
chequer.
Mr. Goschen.
Mr. Stephen Cave.
Mr. Campbell-Bannerman.
Sir Graham Montgomery.
Sir John Lubbock.
Mr. Hubbard.
Mr. Anderson.
Mr. Mulholland.
Mr. Leveson Gower.

Mr. Balfour.
Mr. Norwood.
Mr. Orr Ewing.
Mr. Mundella.
Mr. Torr.
Mr. William Shaw.
Mr. Beckett Denison.
Mr. Backhouse.
Mr. Kavanagh.
Mr. Sampson Lloyd.
Mr. Hussey Vivian.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Five be the quorum of the Committee.

Thursday, 22nd July, 1875.

Ordered, THAT the Committee have power to report their observations, together with the Minutes of Evidence taken before them, and Appendix, to The House.

R E P O R T.

THE SELECT COMMITTEE appointed “to consider and report upon the Restrictions imposed and Privileges conferred by LAW on BANKERS authorised to make and issue NOTES in *England, Scotland, and Ireland* respectively”;—HAVE considered the matters to them referred, and have agreed to the following REPORT:—

YOUR Committee have examined a considerable number of witnesses, and have agreed to report the Minutes of Evidence to the House; but they have not had time to prepare a Report thereon in the present Session, and they consequently recommend their re-appointment next year.

22 *July*, 1875.

PROCEEDINGS OF THE COMMITTEE.

Monday, 19th April, 1875.

MEMBERS PRESENT :

Mr. Orr Ewing.	Sir Graham Montgomery.
Mr. Anderson.	Mr. Chancellor of the Ex-
Mr. Torr.	chequer.
Mr. William Shaw.	Mr. Goschen.
Mr. Sampson-Lloyd.	Sir John Lubbock.
Mr. Campbell-Bannerman.	Mr. Norwood.
Mr. Backhouse.	Mr. Balfour.
Mr. Mulholland.	Mr. Beckett Denison.
Mr. Hussey Vivian.	

Mr. CHANCELLOR OF THE EXCHEQUER was called to the Chair.

The Committee deliberated.

Memorandum handed in by Chairman to be printed.

[Adjourned till Thursday next, at One o'clock.]

Thursday, 22nd April, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Leveson Gower.	Mr. Norwood.
Sir John Lubbock.	Mr. William Shaw.
Mr. Anderson.	Mr. Mulholland.
Mr. Hubbard.	Mr. Hussey Vivian.
Mr. Backhouse.	Mr. Sampson Lloyd.
Mr. Beckett Denison.	Sir Graham Montgomery.
Mr. Orr Ewing.	Mr. Balfour.
Mr. Torr.	Mr. Campbell-Bannerman.
Mr. Goschen.	Mr. Mundella.

The Committee deliberated.

Mr. *William Simpson Fleming* was examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 29th April, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Campbell-Bannerman.	Mr. Leveson Gower.
Mr. Orr Ewing.	Mr. Kavanagh.
Mr. Anderson.	Mr. Balfour.
Mr. Torr.	Mr. Mundella.
Mr. Beckett Denison.	Sir Graham Montgomery.
Sir John Lubbock.	Mr. Hubbard.
Mr. Backhouse.	Mr. Mulholland.
Mr. William Shaw.	Mr. Goschen.
Mr. Sampson Lloyd.	Mr. Norwood.
Mr. Hussey Vivian.	

Mr. *James Fitzjames Stephen*, Q.C., was examined.

Mr. *William Simpson Fleming*, was further examined.

Sir *Henry Thring*, C.B., was examined.

The Committee deliberated.

Ordered, That application be made to the Speaker that Copies of the Evidence be supplied to the Manager of the Bank of Scotland, the Governor of the Bank of Ireland, the Secretary of the Committee of Bankers, and the Governor of the Bank of England.

[Adjourned till Monday next, at One o'clock.]

Monday, 3rd May, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Orr Ewing.	Mr. Backhouse.
Mr. Anderson.	Mr. Kavanagh.
Mr. Mundella.	Mr. Beckett Denison.
Sir John Lubbock.	Sir Graham Montgomery.
Mr. Campbell-Bannerman	Mr. Goschen.
Mr. Hussey Vivian.	Mr. Torr.
Mr. Sampson Lloyd.	Mr. Hubbard.
Mr. Mulholland.	Mr. William Shaw.

Mr. *J. W. Tatham* was examined.

The Committee deliberated.

[Adjourned till Thursday next, at Two o'clock.]

Thursday, 6th May, 1875.

MEMBERS PRESENT:

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Campbell-Bannerman.	Mr. William Shaw.
Sir Graham Montgomery.	Mr. Torr.
Mr. Orr Ewing.	Mr. Mulholland.
Mr. Anderson.	Mr. Backhouse.
Sir John Lubbock.	Mr. Goschen.
Mr. Hussey Vivian.	Mr. Balfour.
Mr. Sampson Lloyd.	Mr. Beckett Denison.
Mr. Kavanagh.	Mr. Hubbard.
Mr. Leveson Gower.	

Mr. *David Davidson* and Mr. *Charles Gairdner* were severally examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 10th May, 1875.

MEMBERS PRESENT.

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Campbell-Bannerman.	Mr. Mulholland.
Mr. William Shaw.	Sir Graham Montgomery.
Mr. Orr Ewing.	Mr. Goschen.
Mr. Leveson Gower.	Mr. Beckett Denison.
Mr. Sampson Lloyd.	Mr. Kavanagh.
Sir John Lubbock.	Mr. Torr.
Mr. Backhouse.	Mr. Hussey Vivian.
Mr. Anderson.	Mr. Mundella.
Mr. Balfour.	

Mr. *David Davidson* and Mr. *Charles Gairdner* were further examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday 13th May, 1875.

MEMBERS PRESENT:

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir Graham Montgomery.	Mr. Mundella.
Mr. Campbell-Bannerman.	Mr. Mulholland.
Mr. Kavanagh.	Mr. Sampson Lloyd.
Mr. Backhouse.	Mr. Goschen.
Mr. Leveson Gower.	Mr. Orr Ewing.
Mr. Balfour.	Mr. William Shaw.
Mr. Hussey Vivian.	Mr. Torr.
Mr. Anderson.	

Mr. *Charles Gairdner* and Mr. *James Simpson Fleming* were further examined.

[Adjourned till Monday, 31st May, at Twelve o'clock.]

Monday, 31st May, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. William Shaw.	Mr. Balfour.
Mr. Leveson Gower.	Mr. Beckett Denison.
Mr. Backhouse.	Mr. Goschen.
Mr. Orr Ewing.	Mr. Kavanagh.
Mr. Anderson.	Sir Graham Montgomery.
Sir John Lubbock.	Mr. Torr.
Mr. Hussey Vivian.	Mr. Mulholland.
Mr. Hubbard.	Mr. Stephen Cave.

Mr. *R. B. Wade* and Mr. *Edward Atkinson* were severally examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 3rd June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Balfour.	Mr. Goschen.
Mr. William Shaw.	Mr. Kavanagh.
Mr. Orr Ewing.	Mr. Hubbard.
Mr. Stephen Cave.	Mr. Mulholland.
Mr. Backhouse.	Mr. Hussey Vivian.
Mr. Sampson Lloyd.	Sir Graham Montgomery.
Sir John Lubbock.	Mr. Beckett Denison.
Mr. Anderson.	

Mr. *Thomas Fitzgerald*, Mr. *James H. Belton*, and Mr. *Edward James Mills*, were severally examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 7th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Mundella.	Mr. Backhouse.
Mr. Orr Ewing.	Sir Graham Montgomery.
Mr. Mulholland.	Mr. Stephen Cave.
Mr. Beckett Denison.	Mr. Anderson.
Sir John Lubbock.	Mr. Goschen.
Mr. Sampson Lloyd.	Mr. Torr.
Mr. Kavanagh.	Mr. Balfour.
Mr. William Shaw.	Mr. Hubbard.

Mr. *Edward James Mills* was further examined.

Mr. *Peter Du Bedat* and Mr. *James Bristow* were severally examined.

[Adjourned till Thursday next, at One o'clock.]

Thursday, 10th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Backhouse.	Mr. Sampson Lloyd
Mr. Kavanagh.	Mr. Balfour.
Mr. Orr Ewing.	Mr. William Shaw.
Mr. Campbell-Bannerman.	Mr. Goschen.
Sir John Lubbock.	Mr. Torr.
Mr. Anderson.	Mr. Stephen Cave.
Mr. Leveson Gower.	Mr. Mulholland.

Mr. *George Readman* and Mr. *William B. Gordon* were severally examined.

Mr. *George Simpson Fleming* was further examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 14th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Backhouse.	Sir Graham Montgomery.
Mr. Sampson Lloyd.	Mr. William Shaw.
Mr. Hussey Vivian.	Mr. Beckett Denison.
Sir John Lubbock.	Mr. Hubbard.
Mr. Anderson.	Mr. Stephen Cave.
Mr. Kavanagh.	Mr. Goschen.
Mr. Leveson Gower.	Mr. Torr.
Mr. Campbell-Bannerman.	Mr. Balfour.
Mr. Orr Ewing.	Mr. Mulholland.

Mr. *William Bonnallie Gordon* was further examined.

Mr. *Frederick Seebohm* was examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 17th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir John Lubbock.	Mr. Anderson.
Mr. Kavanagh.	Mr. Beckett Denison.
Mr. Backhouse.	Mr. Mulholland.
Mr. Leveson Gower.	Mr. Goschen.
Mr. Campbell-Bannerman.	Mr. Orr Ewing.
Sir Graham Montgomery.	Mr. Stephen Cave.
Mr. Sampson Lloyd.	Mr. Torr.
Mr. Hussey Vivian.	

Mr. *Frederick Seebohm* was further examined.
The Committee deliberated,

Resolved, That there be laid before the Committee—

1. A Return of the Daily Note Circulation of the Six following Banks, viz.:—

The National Bank of Scotland,
Aberdeen Town and County Bank,
North of Scotland Banking Company,
Clydesdale Banking Company,
City of Glasgow Bank,
Caledonian Banking Company,

(before giving effect to daily exchange), for the four weeks from Monday, 29th March, to Saturday, 24th April, 1875, inclusive.

2. The amount of Notes of all the Scotch Banks received at such exchange during the same period.

3. The total amount of the Working Expenses of the Joint Stock Banks in England, Scotland, and Ireland, distinguishing between rent, or interest on money expended in buildings and other expenses, and omitting interest on capital and reserves—
(*Sir John Lubbock*).

The Honourable *Alexander Leslie Melville* was examined.

Mr. *James Simpson Fleming* was further examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 21st June 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Hubbard.

Mr. Mundella.

Mr. William Shaw.

Mr. Backhouse.

Mr. Sampson Lloyd.

Sir John Lubbock.

Mr. Anderson.

Mr. Orr Ewing.

Sir Graham Montgomery.

Mr. Campbell-Bannerman.

Mr. Goschen.

Mr. Leveson Gower.

Mr. Stephen Cave.

Mr. Torr.

Mr. *George Rac* and Mr. *Robert Harry Inglis Palgrave* were severally examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 24th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Orr Ewing.	Mr. Goschen.
Mr. Anderson.	Mr. Campbell-Bannerman
Sir John Lubbock.	Mr. Leveson Gower.
Mr. Hussey Vivian.	Sir Graham Montgomery.
Mr. Sampson Lloyd.	Mr. Torr.
Mr. Backhouse.	Mr. Beckett Denison.
Mr. William Shaw.	Mr. Stephen Cave.
Mr. Mundella.	Mr. Hubbard.
Mr. Mulholland.	

Mr. *Robert Harry Inglis Palgrave* was further examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 28th June, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir Graham Montgomery.	Mr. Leveson Gower.
Mr. Orr Ewing.	Mr. Beckett Denison.
Mr. Anderson.	Mr. Kavanagh.
Sir John Lubbock.	Mr. Goschen.
Mr. William Shaw.	Mr. Mulholland.
Mr. Sampson Lloyd.	Mr. Torr.
Mr. Backhouse.	Mr. Mundella.
Mr. Campbell-Bannerman.	Mr. Stephen Cave.
Mr. Hussey Vivian.	

Mr. *Robert Harry Inglis Palgrave* was further examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 1st July, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir Graham Montgomery.	Mr. Orr Ewing.
Mr. Backhouse.	Mr. Mulholland.
Mr. Sampson Lloyd.	Mr. Anderson.
Sir John Lubbock.	Mr. Leveson Gower.
Mr. William Shaw.	Mr. Hussey Vivian.
Mr. Kavanagh.	Mr. Beckett Denison.
Mr. Campbell-Bannerman.	Mr. Goschen.
Mr. Balfour.	Mr. Stephen Cave.

Mr. *Robert Harry Inglis Palgrave* was further examined.

Mr. *John Dun* was examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 5th July, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir John Lubbock.
Sir Graham Montgomery.
Mr. Sampson Lloyd.
Mr. Anderson.
Mr. Campbell-Bannerman.
Mr. William Shaw.
Mr. Backhouse.

Mr. Orr Ewing.
Mr. Beckett Denison.
Mr. Balfour.
Mr. Mulholland.
Mr. Goschen.
Mr. Hussey Vivian.

Mr. *Thomas Cooke* was examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 8th July, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir John Lubbock.
Mr. Backhouse.
Sir Graham Montgomery.
Mr. Kavanagh.
Mr. Goschen.
Mr. Sampson Lloyd.
Mr. Anderson.
Mr. Orr Ewing.

Mr. Campbell-Bannerman.
Mr. William Shaw.
Mr. Balfour.
Mr. Leveson Gower.
Mr. Norwood.
Mr. Stephen Cave.
Mr. Torr.

Mr. *Jervoise Smith* was examined.

Mr. *David Davidson* was further examined.

Mr. *William Hamilton Craik* was examined.

[Adjourned till Monday, the 19th, at Twelve o'clock.]

Monday 19th July, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Mr. Campbell-Bannerman
Sir Graham Montgomery.
Mr. Orr Ewing.
Mr. Anderson.
Sir John Lubbock.
Mr. Hubbard.
Mr. Sampson Lloyd.
Mr. Backhouse.
Mr. Kavanagh.

Mr. Leveson Gower.
Mr. William Shaw.
Mr. Torr.
Mr. Mulholland.
Mr. Goschen.
Mr. Balfour.
Mr. Stephen Cave.
Mr. Beckett Denison.

Mr. *Edward H. Palmer* and Mr. *Kirkman D. Hodgson* (a Member of the House) were severally examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 22nd July, 1875.

MEMBERS PRESENT :

Mr. CHANCELLOR OF THE EXCHEQUER in the Chair.

Sir John Lubbock.	Mr. Orr Ewing.
Mr. Hubbard.	Mr. Anderson.
Mr. Backhouse.	Mr. Kavanagh.
Mr. Leveson Gower.	Mr. Goschen.
Mr. William Shaw.	Mr. Sampson Lloyd.
Mr. Balfour.	Mr. Torr.
Mr. Mundella.	Sir Graham Montgomery.
Mr. Campbell-Bannerman.	Mr. Stephen Cave.

Mr. *Walter Bagehot* was examined.

REPORT read, and *agreed to*.

Ordered, To Report, together with the Minutes of Evidence and Appendix.

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NOTE. —No part of the evidence given on these occasions has been reprinted in this selection.

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† NOTE.—No part of the evidence given on these occasions has been reprinted in this selection.

SELECTION

FROM THE

MINUTES OF EVIDENCE TAKEN BEFORE THE SELECT COMMITTEE OF THE HOUSE OF COMMONS

ON

BANKS OF ISSUE.

THURSDAY, 22nd APRIL, 1875.

Mr. JAMES SIMPSON FLEMING, called in; and Examined by the
CHAIRMAN.

1. You are the manager of the Royal Bank of Scotland, are you not?—I am.

2. How long have you been connected with that Bank?—About four years.

6. At the time of the passing of the Act of 1845 there were existing in Scotland 24 banks, were there not?—There was a Return ordered in 1864, which shows exactly the number of banks then existing. There were 20 banks on the 1st January, 1845.

7. The number is now reduced to 11, is it not?—It is.

8. All those banks are banks of issue, are they not?—They are.

28. What is the nature of the change which has been made in the case of the Scotch banks which have carried on business through an agent in London, and which now desire to establish, or have established, offices of their own in London?—The object is to give greater facilities to the customers of the bank who have London connections. But in order to answer that question properly and fully, I should explain to the Committee the change which has come over the course of commercial business during the last 20 or 30 years. Thirty years ago, I daresay it was quite an exception for a Scotch merchant to accept bills payable in London, or to think of having a London banking account; but now-a-days it is quite an exception with large mercantile houses in Glasgow and Dundee, and other Scotch towns, to accept a bill payable in Scotland; they are all domiciled in London. Their remittances from abroad come home in the shape of bills drawn on London, and payable there. It is obvious, therefore, that a Scotch merchant whose transactions are of that character has a very great temptation to open an account with a London banker, because he can retire through that account his own acceptances, and he can discount either with his banker or with bill brokers the remittances which he receives. We found, therefore, in Scotland, that this temptation

arising from the change of business was leading our own customers to think of opening accounts with London bankers; and for our own preservation and self-defence we considered that it was necessary to be able to offer to our customers the same facilities. That really was, I believe, what led the National Bank of Scotland, who came to London about 10 years ago, to think of coming. Those, certainly, were the circumstances which led the Royal Bank of Scotland to attach importance to the extension of their charter.

29. You could not carry on that business with the same convenience through an agent?—Clearly not; we could not give through an agent the facilities of a bank account at all; we should be simply transferring to the agent the account of our own customer, who might be a very valuable one, and leaving him to transact his business through the London bank.

30. Do you attach great importance to having the power of establishing offices in London?—Certainly; very great importance.

34. Are you aware that it is alleged that, according to the mode in which the averages are taken, a larger amount of notes are issued by the Scotch banks than would be issued; for instance, if the amount of gold was ascertained in the same way as it is in the Issue Department of the Bank of England?—That, no doubt, is so; for under our system of exchanges in Scotland throughout the country (I am not speaking at present of Edinburgh or Glasgow, but of the smaller branches), exchanges take place only once a week, on Saturday. It is the etiquette of the Scotch banks that they do not issue the notes of each other, so that supposing the Bank of Scotland and the Royal Bank both represented in some town in Scotland, the Bank of Scotland would go on from Monday morning to Saturday issuing its own notes, and so would the Royal Bank; and then on Saturday they would exchange the amounts held by them respectively; so that no doubt there is an excess of actual issue, if you regard as issue or circulation the notes which are lying unused in the hands of the respective banks; but there is certainly no excess of circulation in the hands of the public as distinguished from the banks.

Mr. Goschen.

35. If a bank failed, the excess over the average would be one of the liabilities of the bank, would it not?—No doubt.

36. And when the Great Western Bank of Scotland failed, did it not turn out to be the case that the amount out in bank notes was very much larger than the weekly average showed?—That was so; because during the last few days of the existence of the Western Bank of Scotland there was a run on its deposits, and those deposits were paid in its own notes, which were immediately handed over to other banks. If I recollect rightly, £720,000 of notes were out on the day on which the Western Bank of Scotland stopped, while its average circulation was about £440,000.

37. So that that system admits of a very much larger issue of notes than really appears upon the face of the Act of Parliament?—The law is intended to permit that, and it does so undoubtedly, and that is its real value.

40. But does not the case which you have spoken to with regard to the Great Western Bank of Scotland show that, under some circumstances, the system admits of a larger number of notes being issued without their being represented by bullion than appears to be authorised by the Act of Parliament, adding together all the various amounts to be issued by the various banks?—As I understand, the intention of the Act of 1845 was to secure that the average amount of circulation in the hands of the public should be covered. That certainly is always the case. At present the Scotch banks have a circulation in the aggregate of something like six millions, and they hold gold to the extent of four millions, and their authorised issue is two millions and three quarters, so that there is a surplus of gold of very nearly a million at the present moment.

41. But it is a privilege, and a valuable privilege, as I understand, of the Scotch banks, that they are not obliged merely to issue the exact amount of what is called the authorised issue without its being represented by bullion, but that they may issue an amount based on an average taken on a particular day of the week?—Undoubtedly that is a very valuable privilege, both to the banks and to the public, and it differs from the privilege of the English banks in that respect.

42. If the Scotch banks were deprived of that privilege, would it not practically reduce the amount of notes which they are allowed to issue without its being represented by bullion?—If the Scotch banks were deprived of that privilege, then practically the value of their circulation would be gone; because its value does not consist in the circulation which is in the hands of the public, for that, especially in the case of the Royal Bank of Scotland, is of no value whatever. We circulate something like £700,000 of notes on the average of the year, and we hold about £600,000 in gold. We maintain at a certain cost this circulation of £700,000, and the result is an absolute loss instead of a profit. But the advantage of the circulation, or rather of the right of issue, is that we are enabled, as I think Sir John Lubbock stated, in the course of the debate in the House of Commons the other week, to keep till-money at our various establishments in the shape of our own notes, although those notes never go, on the average, into circulation. I think Sir John Lubbock quite correctly represented the working of the system, although I am not prepared to admit the accuracy of his figures.

43. Do the notes that you hold in the tills of your own branches count as part of the notes in the hands of the public?—Clearly not; because the circulation is defined by the Act of 1845 to be what we have parted with.

44. Then you have two privileges; you have the privilege of

issuing notes in the hands of the public, and supplying the Scotch public with that which they require and like ; and besides that, you have the privilege of being able to keep your notes in your till?—I am scarcely prepared to admit that it is a privilege ; but we have that right, and we attach great value to it.

48. Have you not the further legal privilege that the gold which you hold does not only cover the notes, but it covers also your general liabilities?— I have no doubt that is the law. We are like the Bank of England in that respect, as I understand the law applicable to the Bank of England, as it was explained on one occasion before a Committee of this House.

Mr. Anderson.

122. With regard to the monopoly of the Scotch banks in Scotland, is it the Act of 1845 that creates that monopoly?—It is the Act of 1844 that creates what is called a monopoly ; but I do not admit that it is a monopoly of banking : it is a monopoly of issue, I admit.

123. That monopoly of issue has had the effect, has it not, of creating a monopoly of banking?—I cannot admit that, but I know it is a disputed point. That it has practically had that effect is undoubted ; but when I look to Ireland and find that banks have been established there in the face of a right of issue much more valuable than any that exists in Scotland, I cannot admit that it is a necessary effect.

Mr. Munweda.

143. If, in your view, the law, prior to the passing of your own special Act, allowed the Scotch banks to come to London and the English provinces, why did you stipulate last year not to enter the English provinces?—For this simple reason : that by our charter we were expressly confined to Scotland. We were incorporated in the year 1727 with power to carry on the business of banking in Scotland only, and therefore we were restrained by our own constitution. We did not ask Parliament to change the law for our benefit, but to relieve us of a restraint imposed by our own internal constitution, and to put us on an equality, in the eye of the law, with other banks.

144. Then, with respect to establishing branches in England outside the 65 mile radius, you have put yourselves under a restraint under which no other Scotch bankers labour ; is that so?—That is so. That was specially explained to the English bankers at the time it was agreed to, in a letter dated the 18th of February, 1873, addressed by me to Mr. Wade, of the National Provincial Bank of England, who was the chairman of a committee of country bankers. That letter is as follows :—“ Mr. Davidson, of the Bank of Scotland, has been good enough, with your approval, as I understand, to communicate to me the import of his conversation with you in London

the other day, in regard to the Bill about to be introduced into Parliament to extend the powers of this bank. I gather from him that the committee of country bankers, of which you are the chairman, regard the Bill as objectionable in respect of the power which it would confer on this bank to enter into competition with them in English provincial towns, and that if the powers sought were restricted to London, the Bill would be deemed unobjectionable. If I had been aware last week of the objection now stated, I should have taken the opportunity, when in London, of explaining to you personally the views and objects of the directors of this bank in promoting the Bill, and I lose no time now in saying that I am sure it has never been in their contemplation that this bank should carry on business in England elsewhere than in London. It is no doubt true that any Scotch bank now entitled to carry on business in London is equally entitled to do so in the provinces, and our Bill, in its present form, would therefore only put this bank on the same footing as other Scotch banks already established, or having the power to establish themselves in London. But so far as we are concerned, our main object is to secure the same facilities for conducting our business in London as other Scotch banks now possess; and if you will favour me by stating in what form you would wish the second clause of the Bill modified, so as to restrict its operation to London, I shall have pleasure in bringing the matter before the directors, and I think I may say, that no difficulty will be experienced in bringing the Bill into a shape which will secure for it the approval of the body you represent. Permit me to add, that nothing could be further from our wish than to be brought into conflict in any form with the English country bankers, with so many of whom this bank has for a very long period had the most friendly business relations." So that it was quite in view of the right of other Scotch banks, as I assume it to be, that we voluntarily limited the operation of the Bill to London, having no desire or intention of going to the provinces.

145. Is it not the fact that you have voluntarily placed yourselves under a statutory disability under which no other bank labours, in order that you might buy off the opposition of the London bankers?—On the contrary, there was no opposition of the London bankers.

146. What was the object of your placing yourselves under that voluntary disability?—For the simple reason that we had no power to come to London, and that we did not care for any other power than the power of coming to London, and we said, "If it pleases you, by all means have it so." It was done at the request of the English country bankers.

Mr. W. Shaw.

147. Your position respecting circulation is exactly the same, I suppose, as that of the Bank of England and the Irish banks?—It

is the same as that of the Irish banks, but not the same as that of the Bank of England.

148. You issue on gold, do you not?—We issue on gold, but we may have out more than our gold covers, provided, on the average, we do not exceed it. The Bank of England cannot send out a £5 note without having £5 in gold against it; they have not the advantage of averages that the Scotch and Irish banks have.

151. And there is an express machinery provided in the Act, is there not, for any banks giving up issues in England?—That is so.

152. There is no such machinery, is there, in the Acts extending to Scotland?—No, there is not.

153. And if you had had, as the National Provincial Bank of England had to do, to give up your issue, there is really no way of supplying the deficiency?—There is not.

154. You would have to issue the notes of your competitors?—We could not carry on our business, as it is now carried on.

Chairman.

196. In one of your answers just now, you said that the gold in the Scotch banks was not held specially against the notes; and you made the observation, that neither was it so in the Bank of England; you are aware that that is a point on which there is a difference of opinion?—I am quite aware of that. I was referring to an opinion expressed, I think, before the Committee of 1857, by Mr. Freshfield, the solicitor to the Bank of England, who stated that he did not regard the gold as specially hypothecated as the security of the notes.

MONDAY, 3rd MAY, 1875.

Mr. WILLIAM TATHAM, called; and Examined.

Mr. *Mundella*.

484. Your firm are solicitors to the National Bank, are they not?
—Yes.

485. How long have you been so?—Above 40 years.

486. Have you been their solicitors from the first foundation of the bank?—Yes; in fact, I aided in the formation of the Company.

487. When was the National Bank founded?—It was promoted in 1834; its articles are dated January, 1835.

488. For what purpose was it formed?—It was formed for the purpose of carrying on banking in all its branches in any part of the United Kingdom, either England, Scotland or Ireland, or the Islands of Jersey or Guernsey, or the Isle of Man, to such extent as the laws might from time to time enable us.

490. It originally commenced business in Ireland, in what year?—In 1835; in fact, immediately.

491. With a head office in Dublin, I suppose?—It must not be styled exactly a head office.

492. A branch in Dublin?—It can only at that time be considered an office for agency, because the Act of Parliament of 68 Geo. 4, c. 42, which enabled them to carry on banking in Ireland as a bank of issue at a distance of 50 miles from Dublin, contained an express restriction against their having a house of business in Dublin, therefore they had no house of business as bankers in Dublin at that time; they merely had an agency house, the same as in England. There was a similar restriction in England under the Act of Seventh George the Fourth, against banks established under that Act having a house of business in London or within 65 miles therefrom, but the National Bank has never carried on business under that Act.

493. But they had an agency-house in London from the first, had they not?—Always.

494. And the Board of Directors sat in London, did they not?—Always.

495. And the business was conducted from London?—It was superintended from London.

496. They had 50 or 60 branches in Ireland, had they not?—Yes, and they have a large issue there.

497. At what period did they first establish a banking business in London?—In the year 1854.

498. When they proposed to commence business in London, did the Bank of England and the Clearing-house object to their doing so?—Yes, the Bank of England did.

499. On what grounds did the Bank of England object?—I suspect that the principal ground upon which they went was the Statute of 7 & 8 Vict. c. 113, which restricted the introduction of any new banks in London which had not been established for that purpose previously to a certain date, which was, I think, May, 1844, and they said that we were not so established, but I ultimately satisfied them that we were, and got over that difficulty. Of course, the fact of our being a bank of issue was notorious, and they well knew that we were a bank of issue in Ireland; but we were not a bank of issue in England, and therefore they could not object to us on that score.

502. What counsel did you consult?—Sir Richard Bethell (who was afterwards Lord Westbury), Mr. Wordsworth, and Mr. Welch as a pleader.

504. Have you the original case put to them and their answers?—Yes, it was dated May, 1853. The first question which was put was this: “Whether the National Bank of Ireland, under the provisions of their present deed of settlement and as at present constituted, are legally at liberty to establish a bank or banks in London, and within 65 miles therefrom, and to avail themselves of the provisions of the 26 sec. of the 7th & 8th Vict. c. 32, and of the 47th sec. of the 7th & 8th Vict. c. 113, or either of those Acts, so long as they do not

register under the 7th George 4, c. 46, and so long as they do not infringe the Bank of England charter as modified by those Acts, and whether the establishment of such bank or banks will in any way legally prejudice or affect their position and present operations as bankers in Ireland under the 6th George 4, c. 42." The replies of Sir Richard Bethell and Mr. Charles Wordsworth to the first question were as follows: "We have referred to the company's deed of settlement, and are of opinion that it is within their powers to carry on the proposed banking business in London, and within 65 miles of it, and that their so doing will not affect their position as bankers in Ireland under the 6th George 4, c. 42. We have considered the 7th & 8th Vict. c. 113, which enacts that banking companies formed by covenant of co-partnership on or after the 6th May, 1844, shall be constituted by letters patent, and we are of opinion that the National Bank of Ireland is unaffected by the proviso contained in the first section of that statute. With respect to section 47 of that Act, which bestows certain privileges in the mode of suing and being sued on banking companies 'established' on the 6th May, 1844, for the purpose of carrying on the business of bankers within 65 miles of London, we have entertained a doubt whether the National Bank of Ireland was sufficiently within the statute. It appears to us, however, that the company was fully formed on the day above mentioned. We think that the company at that time had two objects in view, the one to become bankers in England, the other in Ireland, and that although it has suspended carrying into effect the former, and has only hitherto actually carried out the latter object, the company may nevertheless be considered as having been established on the 6th of May, 1844, within the meaning of the 47th section. With respect to the 7th & 8th Vict. c. 32, sec. 26, which removes the prohibition then existing against banking companies drawing and accepting bills, we are of opinion that there is nothing to prevent the National Bank of Ireland from availing themselves of that branch of banking business." Then the second question is as follows: "Whether they could establish such banks as proposed in the first question, and at the same time, or at any time afterwards, on such banks being discontinued, carry on business as bankers beyond 65 miles from London on registering under the Act of 7th George 4, c. 46." The answer is, "We think it will not be competent to the National Bank of Ireland to establish banks beyond 65 miles of London, at the same time that they carry on business in London and elsewhere within that distance." The third question is this: "Whether, in the event of the establishment of such banks as proposed in the first question, the return to be made by the National Bank of Ireland to the Stamp Office in England, would be regulated solely by the 47th sec. of the 7th & 8th Vict. c. 113, or would a return be required under the 21st sec. of 7th & 8th Vict. c. 32." The answer is, "We think the return should be made under the 47th sec. of the 7th & 8th Vict. c. 43."

Chairman.

538. I understand that in the discussion that took place between yourselves and the Bank of England in 1854, your strong point was that you were established in London before 1844?—Not that we were established in London as bankers, but that we were established as a company for that purpose. The words of the Act are these: "More than six persons established on the 6th of May for the purpose of carrying on business as bankers," and I satisfied the Bank of England, as Sir Richard Bethell in his opinion expressed it, that although we were not actually banking, we were established for the purpose of banking, and had only postponed it.

539. Were established, where?—In England. This is the English Act to which I am referring.

540. Then supposing that you had not been established in England, you would have been excluded by that Act?—No doubt, because this Act forbade the establishment of any new bank, if it was a joint-stock bank, after the 6th May, to carry on business except by letters patent, and therefore we could not have opened a bank in London if we had been established after that date. The first section says: "That it shall not be lawful for any company of more than six persons to carry on the trade or business of bankers in England after the passing of this Act, under any agreement, or covenant of co-partnership, made or entered into on or after the 6th day of May last passed, unless by virtue of letters patent to be granted by Her Majesty." Our articles of partnership were, of course, of a much earlier date, and therefore we did not come within that section.

Mr. Goschen.

700. Then you must maintain that the Bank Charter Act would have allowed an Irish or Scotch bank of issue to come to London?—Certainly, except that they could not have been banks of issue in England.

701. Then you maintain that even before this Act the Irish and Scotch banks had privileges as regards coming to London, which the English bankers had not got?—They could have come to London and been banks of deposit and discount, although consisting of more than six partners.

702. While the English banks could not do so?—Yes, all the banks in England could do it also, provided they were not banks of issue.

703. At present you admit that there is a distinction between banks of issue in England, beyond the 65 miles radius, and the Irish banks; your case is that the Irish banks could come to London, but that an English bank of issue could not come to London?—Because in England the joint-stock banks have no power to be banks of issue at all, except under the Act of 7th Geo. 4.

704. Then have they not the same common law rights of banking in England, as they have in Scotland or in Ireland?—Certainly, except that the 7th Geo. 4 forbade the banks established under it coming to London.

THURSDAY, 6TH MAY, 1875.

Mr. DAVID DAVIDSON, called in; and Examined by the
CHAIRMAN.

761. Will you mention to the Committee with what bank you are connected?—I am connected with the Bank of Scotland, as its Treasurer.

762. Do you appear here to-day with any authority to speak for the Scotch banks generally?—I have with me an extract from a minute of the banks, if I may be allowed to read it: “Extract from the minute of a meeting of the managers of the Scotch banks, held at the Bank of Scotland, Edinburgh, on the 30th April, 1875. A Select Committee of the House of Commons having been appointed to consider and report upon the restrictions imposed, and privileges conferred by law on bankers authorised to make and issue notes in England, Scotland and Ireland respectively, the meeting resolved: ‘That it is the duty of the Scotch bank to afford the Committee every information on the subject to be investigated, and to render all the assistance in their power to facilitate the inquiry. That with this view Messrs. Davidson, Fleming and Gairdner be requested to attend the Committee, and give evidence, if the Committee shall so desire. It being impossible for this meeting to anticipate the various matters on which questions may be put to, and opinions be expressed by witness, it will be understood that such opinions are given on the individual responsibility of the gentlemen who may be examined, but, as there are certain general questions relating to the Scotch banking system on which the managers are agreed, it is expedient to indicate these points now, in order to their being submitted to the Committee. Till 1844, the system of banking in Scotland, including the issue of notes, was one of perfect freedom, and was of great advantage to the country. All of the 11 banks now existing were established under that system. The prohibition of new banks of issue by the Act of 1844, and the restrictions imposed on the right of issue by the Act of 1845, were not proposed or sought by the Scotch banks. The people of Scotland have unbounded confidence in the currency and banking system of the country. After 30 years’ experience of

the working of these Acts in Scotland, the managers are agreed that the result, both as regards the public and the banks, has been, on the whole, satisfactory. The abolition of the existing system of currency would most seriously interfere with the whole banking system of the country. The right of issue enjoyed by the Scotch banks which grew out of a free system, and was not conferred as a special privilege, is a very valuable one, both to the banks and to the country. Its value does not now consist, to any great extent, in the profit accruing to the banks from the actual circulation of notes; it rests in the right to issue notes to such extent as the public may at any time require (subject always to convertibility into coin), whereby the banks are enabled to carry on business at upwards of 800 branches, without the large abstraction of capital which the use of any other circulating medium would entail. Banking as conducted in Scotland is subject to the keenest competition among the 11 existing banks, and the result is a lower scale of banking profit than is earned in any other part of the United Kingdom. Should the profits at present earned by the banks suffer reduction, by the withdrawal of the right to issue their own notes, the consequence must be a serious diminution in the peculiar advantages afforded to the public by the Scottish system, particularly in regard to rates of interest, which at present are allowed on all accounts, however small and fluctuating, and in regard to the unexampled facilities through the branch offices. For these reasons the meeting is decidedly of opinion that it would be unwise to disturb a system of currency which has existed for nearly two centuries, with which the people are familiar, and in which they have absolute confidence.' This minute was concurred in by the whole of the 11 banks."

765. Can you state what was the number of banks, and what their paid-up capital was for each of the years 1845, 1855, 1865, and 1875?—In 1845 the paid-up capital of the 19 banks which then existed was £10,793,415; in 1855 it was £11,456,055; in 1865 it was, £9,431,000; and at the present date the paid-up capital amounts to £9,785,888.

768. Are you prepared to give a statement of the deposits of the banks in the four decennial periods to which you have referred?—Yes. I may mention at the outset that until 1865 the deposits of the Scotch banks were not positively known. It was in that year that annual statements were first published, which brought out the amount of the deposits, any statements previously made having only been estimates; but I am now enabled to state the whole positively from returns received from the banks in Scotland from the year 1845. In that year the deposits amounted to £33,192,105; in 1855 they amounted to £43,270,612; in 1865 they amounted to £56,185,061; and for last year they amounted to £78,405,261.

784. Can you give a return of the notes in circulation in the decennial periods?—The notes in circulation in 1845, which repre-

sented the amount of the authorised issue, was £3,087,209 ; in 1855 the average amount was £4,104,582 ; in 1865 it was £4,382,600 ; and in 1874 it was £5,904,586. These figures are based upon those of the "Gazette."

789. Can you state the proportions between large and small notes in circulation at the different periods ?—Yes. In 1845 the proportion of notes of £5 and upwards was 27 per cent., and of £1 notes 73 per cent. There is scarcely any variation afterwards. There was a decline between 1845 and 1855 as regards the small notes. As I have mentioned, the small notes in 1845 were 73 per cent. of the whole ; in 1855 they were 64 per cent., and the small notes have been since, in 1865, 63 per cent., and in 1874, 66 per cent.

809. I observe in the evidence which was given by Mr. Fleming, that on his being asked whether a larger amount of notes might be issued by the Scotch banks than would be the case if the amount of gold was ascertained in the same way as it is in the Issue Department of the Bank of England, he said that it would be so on account of this system of exchanges ; that it was the etiquette of the Scotch banks that they did not issue the notes of each other ; and that accordingly the notes of one bank might be lying from Monday morning to Friday evening in the hands of another bank ; that there would, therefore, no doubt be an excess of actual issue if you dealt with the issue as representing the notes which were lying useless in the hands of the respective banks, but that there was certainly no excess of circulation in the hands of the public as distinguished from the banks ; do you concur in that view ?—I quite concur in that view, but I may state with reference to that question that it will be found that the amount of gold coin held by the banks exceeds the amount that it is necessary for them to hold in accordance with the Act of 1845 ; and I apprehend that that would quite cover any excess to which you allude now.

818. Will you state what was the amount paid to the Government in 1874 for stamp duties and for licenses to issue notes ?—The amount for stamp duties was £24,269, and for licenses to issue notes £16,590, the total being £40,859 ; and the average circulation during that year was £5,904,586. That amounts to 13s. 10d. per cent. upon the average circulation ; and I may mention that the amount of per-centage paid by the Bank of England, £180,000 upon its average circulation for last year, is 13s. 8d. per cent.

Mr. CHARLES GAIRDNER, of Glasgow, called in ; and Examined by the CHAIRMAN.

870. Will you state what position you occupy ?—I am Manager of the Union Bank of Scotland.

871. The Committee will be glad if you will explain to them the principle upon which the average of the net profits of the Scotch banks is ascertained?—The principle is this: the total amount of the capital of the Scotch banks is found to be about £9,000,000 (I need not be particular about the figures). The total amount of the declared profits in the year under consideration here is found to be about £1,000,000. Four per cent. upon the capital and reserve is in the first place deducted, and the balance, being the aggregate profits of the banks, less 4 per cent. upon their capital and reserves, is applied in the first place to the capitals of the banks, and found to bring out £8. 19s. 6d. per cent. of net business profit.

872. Then the net profit is not ascertained by averaging the percentage of each bank, but by calculating the net profit after deducting 4 per cent. upon the gross capital of the banks?—Quite so; the capital and reserved profits. The figures are taken from the “Economist” newspaper; they are not made up just now for the Committee at all. The “Economist” newspaper has applied this principle for years to the London banks, and for the last two years to the Scotch banks, and their figures are the figures which are now being placed before you. They have not been prepared for this Committee, but they are taken from the “Economist” newspaper, published in February last (*Vide Appendix, No. 6*).

Sir John Lubbock.

874. Then, adding the 4 per cent., what is the exact amount?—As I find it in this statement, the net business profit of the Scotch banks in the year 1873 was £8. 15s. per cent. upon their capital, and in the year 1874 it was £8. 19s. 6d. per cent.

875. And with the 4 per cent. that would bring it to how much?—I do not know that that is stated here.

876. It would be in fact about 13 per cent., would it not?—It would be about 13 per cent., but not upon the capital. The 4 per cent. is taken off the reserved profit as well as the capital.

877. Upon the whole capital and reserve the profit would be 13 per cent., would it not?—I should say so.

Mr. Backhouse.

880. The net profit of the Scotch banks was £8. 19s. 6d., plus the 4 per cent.?—Yes; the figures that I have just given are perfectly correct. The net business profits of the Scotch banks, after deducting 4 per cent. upon the capital and reserves, were last year £8. 19s. 6d. per cent. upon the aggregate capital amounting to £9,697,000.

Mr. Torr.

881. It is important to distinguish between the amount upon which you calculate the profit of £8. 19s. 6*d.* and the amount upon which the 4 per cent. is deducted, because you say that 4 per cent. is deducted, not only from the capital, but from the deposits or reserves?—The principle is this: that the banks' own funds consist of their capital and reserved profits; those are invested, and the dividend received upon them is assumed at 4 per cent., and is rightly deducted from the gross profits in order to ascertain what are the pure profits of banking. That is the principle, and that principle worked out brings out £8. 19s. 6*d.* per cent. upon the capital of the banks as the pure business profit earned in Scotland last year.

907. Could you give the Committee the amount of notes and acceptances?—The notes were £7,000,000, and the acceptances were £5,500,000. This mode of testing the per-centage of profits earned by the banks is, as I say, taken from the "*Economist*" newspaper, and has been adopted here for the purpose of bringing out the contrast between the Scotch system and the English system in regard to the net business profits earned by the banks; and I start, therefore, with the assumption that I have explained, that in Scotland, in 1873 and in 1874 (it happens, curiously enough, to be precisely the same in both years), we had a margin of £1. 1s. 11*d.* per cent. upon our cash deposits. Again, taking the figures of the "*Economist*" newspaper, I find that the 11 London joint-stock banks, who have funds to a somewhat larger amount, the deposits being, I think, £96,000,000, had, in 1873, a margin of profit, calculated in the same way, of £1. 6s. 3*d.*, and in 1874 a margin of £1. 1s. 3*d.*

Sir John Lubbock.

910. Could you put in the actual expenses?—The London banks give them, but the Scotch banks do not give them. That is a very important point, undoubtedly. I should think that the Scotch bank expenses may be taken as nearly as possible at 1 per cent. upon the amount of the cash deposits.

911. I dare say that you would be able to ascertain the expenses?—No, they are not published, so that I can only tell you from any banks which choose to inform me; but, judging from our own experience, and from what Mr. Davidson, and one or two of the officers of other banks have told me, I think that the total expenses of the Scotch banks come as nearly as possible to about 1 per cent. upon the amount of their cash deposits held from the public.

912. I do not wish to ask you any question that I have no right to ask, but are you speaking for your own bank?—I am speaking for our own bank and for one or two others, who have told me how they stand in that matter. Perhaps £1. 1s. per cent. would be nearer, but it is about 1 per cent., I think, upon the cash deposits. In regard to

the question as to the per-centage of net business profit borne to the capital of the London banks, I find that it comes to £11. 1s. 10d., and that it was earned from cash deposits amounting to £96,000,000. In the case of the Scotch banks the per-centage of business profit to the capital was £8. 19s. 6d., earned from cash deposits amounting to £77,000,000; in both cases after deducting the 4 per cent. I am speaking of net business profit. The contrast ought, however, to be made rather between the Scotch system and the English provincial system than between the Scotch system and the London system. I find, by taking such balance-sheets of the English provincial banks as I have been able to find (I have got the balance-sheets of 10 provincial banks of issue and of 11 provincial banks without issue) that, applying the same mode of calculation to their profits, the 10 provincial banks of issue have earned upon their cash deposits a margin of £1. 19s. 4d. per cent., and that the 11 English provincial banks without issue have earned a margin of £1. 10s. 9d. per cent., or, if I throw the 21 banks together, banks of issue and banks without issue, the average per-centage comes out at £1. 13s. 2d. The result is that the 10 English provincial banks of issue show that they make a larger profit than the 11 Scotch banks of issue by 17s. 5d. per cent. per annum.

Mr. Goschen.

913. Have you the proportions of the capital and deposits in those cases?—I have. The cash deposits of the 21 banks amount to £78,000,000, the capital amounts to £8,670,000, and the reserve amounts to £3,900,000. The per-centage of net business profits to capital comes out at £14. 19s. 5d. over the 21 banks, but the margin of net business profit in favour of the English provincial banks of issue, adopting those 10 banks as a test, is equal to 17s. 5d. per cent. per annum. That applied to our £77,000,000 of deposit would give, if the banking system in Scotland were similar to what exists in England, a difference of about £670,000 per annum.

MONDAY, 10th MAY, 1875.

Mr. DAVID DAVIDSON and Mr. CHARLES GAIRDNER, called in; and further Examined by the CHAIRMAN.

919. (To Mr. Gairdner.) Have you any further observations to make upon this point?—Yes; on Thursday I stated what might be held to be the estimate of loss that would accrue to the people of Scotland by the adoption of the English margin of banking profit. I now propose to state what the estimate of gain to the people of provincial England would be by the adoption of the Scottish margin of banking profit. In

approaching that I find that I am without any accurate statement of the deposits of the provincial banks in England, but I have the assistance of Mr. Palgrave's very useful publication, in which he, after a very careful estimate, arrives at the conclusion that the amount is somewhere about £200,000,000, and I think that that must be held to be a very moderate estimate, seeing that it embraces a population which, I should think, is considerably in excess of 15,000,000, excluding London and its suburbs, as compared with 3,300,000 of population in Scotland, where the deposits come out close on £80,000,000. I think the amount must be very much under-estimated, but I take it as stated by Mr. Palgrave. That includes private banks and joint-stock banks in provincial England. Upon the basis of that estimate of £200,000,000 I apply to it the margin of profit shown to be earned by the 21 English provincial banks, of which 10 are banks of issue and 11 are banks without issue, and whose aggregate liabilities on deposits are £78,000,000. The margin of profits shown by their balance-sheets after deducting expenses and bad debts and 4 per cent. upon the capital and reserve profits, is £1. 13s. 2d. per cent. The margin of profit of the 11 Scotch banks as calculated in the same way is £1. 1s. 11d. per cent., and the difference is 11s. 3d. This difference, applied to the assumed amount of £200,000,000 of deposits, would give a gain of £1,125,000 per annum. I have put in a statement, which is in the hands of the printer, showing that in detail, and I propose to put in this statement (*the same was handed in*, see *Appendix*). I do not know that I have anything else to add upon that branch of the subject.

Mr. Goschen.

944. Would you be able to conduct your business without £1 notes?—We should be able to conduct our business, but whether it would have any effect upon the business conducted, I cannot tell.

945. Do you attach great importance to the possession of the £1 note circulation?—It is part of an old system that has grown up. It is not easy to tell how far the £1 note is essential, but certainly it is so regarded by the people of Scotland.

950. Is it very important?—I should say so; I have not come here with any authority to answer, nor am I quite prepared to give you a distinct answer upon this point, but it has its importance.

952. (To Mr. Davidson.) Will you state whether you consider the privilege of issuing £1 notes very important to the Scotch bankers?—Most decidedly so; I have stated in my evidence the large proportion of small notes that are in circulation as compared with those of £5 and upwards. By the last "Gazette" return the small notes amounted to £3,744,000, and the large notes to £1,965,000 only; the small notes enter into all the daily transactions of the country; and to deprive us of the power of issuing those notes would

be not only a very considerable loss to the banks, as I am prepared to show, but it would also, I think, dislocate the whole system; I look upon the privilege of issuing small notes as really the keystone to the whole fabric; it has proved so hitherto. If we were deprived of the power of issuing those notes another currency would require to be found which, of course, would be an expense to the country and also a loss of profit to the banks themselves, and that loss of profit could only be compensated for by higher charges to the public in one shape or another, either by giving less for our deposits or by charging more for the loans we make. Therefore, from my point of view, small notes enter largely into the question of the right of issue throughout. I am prepared to state what the calculations are which the banks have made with reference to their issue generally; but in the meantime I have no hesitation in saying that, both from a banking point of view as regards profit, and in the interests of the public, it would be a very unfortunate event were the banks deprived of the power of issuing £1 notes; the community have been familiar with the system during the last 180 years; they have known no other, and they have had no cause to feel anything but unbounded confidence in the system as it prevails.

954. Then if another bank, without having that right of issue, and without having £1 notes, were to attempt to compete with you, not having that source of profit which you say is essential to the bank, and at the same time not being able to charge the higher rates of commission, it would, practically, be unable to carry out such competition, would it not?—I think it would from that cause; but also from another cause which has been adverted to, namely, the keen competition which exists among the banks.

955. Then I may take it for granted that, looking at the action of the 11 Scotch banks and to their right of issue, in your opinion, it would not be easy, even if it were at all possible, for another bank without that right of issue to compete with them?—Coupling with that the circumstances which I have mentioned of the great competition that exists between the banks, it would not.

956. In fact, your argument is this, that with the great competition that exists there is no great margin for profit to the Scotch banks as it is, and that there would be less margin if the right of issue were withdrawn?—Distinctly so.

957. And, therefore, that if English banks were to attempt to compete with you in Scotland, without the right of issue, they could not practically make it pay?—I think so.

958. I may assume, therefore, from your evidence, that it is only a nominal argument to say that English banks are free to go to Scotland; that is to say, that though they are free by law to go to Scotland, the monopoly enjoyed by the Scotch banks practically excludes them?—No new banks have been established since the Act of 1845. A number of banks have been incorporated with the 11 which now exist; but there has been no demand for new banks. If

that demand had existed, those banks which have been absorbed by others would have afforded an excellent opportunity of supplying the demand because they had the right of issue; but I mention this as evidence that the country is so fully banked that, independently altogether of the other question, there has been no inducement for a long period to establish new banks.

961. (To Mr. Gairdner.) Do you agree with the evidence which has been given, that there is an appreciable profit in the right of issue?—No doubt; it is most important.

962. If then your profits are low, and those profits arising from the right of issue were withdrawn, you would be less able to carry on your business than you are now?—Certainly.

963. And therefore any other bank coming into Scotland has not only to contend against the low profits which you state fall to the lot of the Scotch banks, but they have also to contend against the fact that while the existing Scotch banks derive their profits from this right of issue, a new bank would be without that profit?—Clearly.

964. And as a fact, no English bank has been able to establish itself in Scotland?—Not to maintain itself; we have had some small banks established, but they have always ceased to exist after a short time.

971. But new banks have been started as every one knows in large numbers in England; do you base your opinion that, even if there were no monopoly in Scotland, new banks would not be able to get on, upon the ground that in Scotland they have already more banks than can well live?—I put it down to the fact that the margin of profit is so small, and the whole country is so thoroughly occupied, that there is no opening for new banks.

975. With regard to the competition of English banks, without the power of issuing in Scotland, they would have to conduct their business, would they not, either with notes of competing banks or with gold, which the country would not care for?—Quite so.

976. And an English bank coming to Scotland, would be obliged to supply itself with the currency of the country, which alone the country appeared to care for?—Undoubtedly it must.

977. And that, I think, you would frankly and fairly allow to be a great drawback to an incoming bank?—I should say it would be a great drawback.

978. I have asked some questions with reference to the value that you attach to the power of issuing notes as a whole. Do you attach value to the power of issuing notes against the coin that you hold, beyond the authorised issue?—Yes; I think that is very important.

979. Would you give the Committee your reasons for thinking so?—The reason is that it leaves the banks practically free as they were prior to 1844, with the single restriction that they must retain coin to the extent required by the Act of 1845.

980. Why is that an advantage?—It is a great advantage. The banks in Scotland are free to issue whatever quantity of notes the

public require, provided that they maintain at their head office an amount of gold equal to the excess beyond their authorised circulation.

981. You can hold the gold, can you not, at the centre, and you can hold the notes at your branches?—We must hold the gold at the centre.

982. And therefore the gold being held at the centre covers, what may be called, the irregularities of issue, that is, the irregular issue of notes at the branches?—There is no irregular issue; we are free to issue whatever amount of notes the public require, and we are required to hold gold at our head office, in terms of the Act of 1845.

983. I do not mean by “irregular,” contrary to law, or contrary to regularity, but I mean the issue of notes above and below an average; if there comes any special demand above the regular demand at a branch, that is covered, is it not, by your being able to hold your permanent stock of bullion at Edinburgh as against it?—Quite so. Speaking in round numbers every bank has printed and ready for use probably double the amount of notes that it has in the hands of the public. Those are held at the various offices of the bank, and are ready for use if required; and that no doubt is a great advantage.

984. And, as we have heard, on certain days, before the exchange takes place, quite in accordance with the law, you are able to issue even more notes than the authorised amount of notes and the coin together?—True; but that resolves itself simply into a question of trouble. If the banks chose, instead of having exchanges, once, twice, or thrice in a week to have exchanges once every day, the point you now refer to would not arise. It is simply a question of trouble.

991. In the case of the Western Bank of Scotland, did it not appear as the result that the notes in the hands of the public, and of the other banks together, was larger than the amount on the exchange day?—Yes, the amount at the date when the bank stopped was larger than at the date of an ordinary exchange day.

992. Can you state the amount?—I cannot.

993. That would show, therefore, would it not, that the authorised issue of notes, and the actual amount of notes which appears to stand against the banks, as published on the exchange days, do not fully represent the liabilities that may be incurred in time of a panic?—Notwithstanding the fact to which you refer, of the Western Bank having a much larger issue on the day of its stoppage than it would return upon an ordinary exchange day, I am not aware that the Western Bank infringed the Act of 1845.

994. I gather from this fact, which was shown at the time of the stoppage of the Western Bank of Scotland, that the liabilities of banks on their bank notes may at times be considerably in excess of the published average of the week?—Certainly.

995. Is that due only to the notes in the hands of other banks, or can it be due to other causes also?—I should say that it must be due to the notes in the hands of other banks; I cannot, of course, tell

you who held those notes of the Western Bank, but I should say that the excess of notes was held by the other banks.

997. And if you wished to take the average circulation of Scotch banks, would it be fair to take it rather above the averages of the Saturday, because that being the exchange day, is the lowest day in the week?—According to our present system of exchanges that is so; but supposing that we altered that, and adopted the system of daily exchanges, then the amount of notes shown to be issued at the close of each day from Monday till Saturday would correspond with the Saturday return as nearly as possible, so that it resolves itself into a question of trouble among the banks.

998. But as a matter of fact, the liabilities may be higher, and would probably be higher, but for the system of constant exchanges?—Yes.

999. I would now call your attention to the paper which Mr. Davidson has put in with regard to the assets and liabilities of the banks; the total liabilities of the banks by this account are £105,000,000; will you state to the Committee what the gold and silver coin and notes of other banks amounted to at the same time?—£6,300,000.

1000. Will you make any deductions from that £6,300,000 that ought to be made, in order to show what there is besides the gold and silver coin and the notes of other banks?—Mr. Davidson reminds me that these figures are taken from the balance-sheets of the banks published at various dates, and that they do not give you the actual amount of gold and silver coin and notes of other banks held at any particular day in all the banks.

1005. From the total of £106,000,000, you would have to deduct £14,000,000 in round numbers, would you not, as the paid-up capital and the reserve fund?—Yes, and the next column also.

1006. That would leave in round numbers a little over £90,000,000?—Yes.

1007. And against that the gold and silver coin, and the notes of other banks, would be £6,300,000?—Exactly.

1013. (To Mr. Davidson.) Could you tell me how it would be with regard to the Bank of Scotland?—Yes, in the last balance-sheet of the Bank of Scotland, on the 27th of February last, the gold and silver coin and the notes of other banks is stated to be £426,056. Of that amount, £36,417 consisted of the notes of other banks.

1014. Then you had £390,000 in gold and silver coin against your total liabilities?—The total liabilities consisted first of all of the note circulation and also of drafts, deposits, and acceptances, which amount, I think, to £12,880,000.

1015. Against which there are £390,000 in gold and silver coin?—Quite so; and the notes of other banks, which I consider equivalent to coin.

1016. But you could not pay them out?—I could not pay them out, but I could demand the coin or its equivalent.

1017. But that is the very point as to which I asked another witness; that is to say, whether you would, under pressure, demand the coin from other banks?—Not except under very extraordinary circumstances. We must wait for the exchange day, when the settlement takes place by drafts in London.

1018. Your note circulation on that day was £626,000?—Yes.

1019. Would you kindly state what your authorised issue is, and deduct it from the £626,000?—£343,000, in round figures, is the authorised issue.

1020. That leaves about £290,000, I think?—Yes.

1021. Then your position was this: that you had on that day issued against coin £290,000?—Yes; representing the excess over the authorised issue.

1022. On that day your coin amounted to £390,000?—Yes.

1023. Therefore the £290,000 representing the over-issue of notes, your gold and silver coin available for general purposes was £100,000 against your liabilities of £12,880,000?—Yes, quite so.

1024. Your liabilities were £12,880,000, and the coin at your command for immediate purposes was £100,000 in round figures?—Yes, in one way of putting it.

1025. Will you put it now in your own way?—I wish to explain that the gold which the banks are required to hold under the Act of 1845 is really held against the whole liabilities. It fulfils two purposes; it is held against issues, and it is held also against the other liabilities of the bank; therefore I am unable to take the view which you have now given me of the matter.

1026. You would follow me, I think, in this view: that but for the privilege of issuing notes against coin, unless you have altered your arrangements, you would only have £100,000?—I cannot admit that at all. If the Bank of Scotland was not obliged to hold gold in accordance with the Act of 1845, representing the excess of its issues, it would certainly hold a larger amount than you have represented as against its other liabilities.

1027. The privilege, then, of issuing against bullion, does relieve the banks in a certain sense in their view from the necessity of holding such large reserves in coin as they would otherwise hold?—Quite so.

1030. Your gold and silver coin and the notes of other banks are $3\frac{1}{2}$ per cent. of your total liabilities?—Quite so, from that point of view.

1031. I have not calculated the per-centages of the other banks, but is the Bank of Scotland on the whole a fair representative of the other banks as regards these points?—I should think it was, but I have not made any calculation. Of course, there are banks which require to hold a larger amount of gold than the Bank of Scotland, because their authorised issue is less, and of course they hold proportionately more gold.

1032. Do you happen to have seen the proportion of bullion to liabilities in the Bank of England?—Yes, I have seen it.

1033. I see that lately it stands at about 39 per cent. ; the difference would be, would it not, that you would rely upon the power of getting bullion from England?—In estimating the sum necessary for the Bank of Scotland to keep as a reserve against its liabilities, I must include other items, viz., Government securities, cash with London bankers, and short loans in London. Those amounted at the date of this balance-sheet, to £3,225,165.

1034. Would you also take the next column?—No, I only take those funds which I regard as immediately, or nearly immediately, available for any demand that there might be upon the bank ; and taking those items which I have mentioned, they amount very nearly to £30 per cent. of the liabilities of the bank, consisting of about £12,000,000.

1035. Of course in that case, if you wanted to compare the position of your bank with that of the Bank of England, you would have to take similar items in the case of the Bank of England?—Quite so ; but if I wished to compare the position of my bank with the position of large London banks, I find myself in a more favourable position than they are.

1036. Then you do not hold that an issuing bank ought to be, as regards liabilities, in any different position from an ordinary joint-stock bank?—The issues of the Bank of Scotland are, comparatively, quite trifling as compared to its other liabilities. The amount was only £626,000, as against liabilities, altogether, amounting to £12,000,000.

1037. Do you consider as a general rule that banks of issue which are responsible for the currency of a country, ought to be conducted upon different principles from those upon which an ordinary joint-stock bank is conducted?—Looking to our system, as a whole, I can see no reason why they should be differently conducted. I think, on the contrary, that our system points to this ; that we require a much smaller amount of reserve than large banks in London. Take our deposits spread all over the country, 64 per cent. of them, or thereabouts, representing sums not exceeding £1,000, and from one year's end to the other, having few, I might also say no, fluctuations of any magnitude, it appears to me that the Scotch banks require a much less amount of reserve, although they hold an equal amount to, if not more than, an ordinary banking institution in London, where there are very large sums deposited, which would, if withdrawn, cause inconvenience.

1044. Pray do not answer any question which I put that you would prefer not to answer ; do you contemplate, if you remain in London, extending your London business and offering facilities to London customers?—I have no difficulty in answering the question. Perhaps I ought first to explain the objects which the Bank of Scotland had when it opened a branch in London. But, in connection with that subject, I think it right to mention that when the bank was established in 1695 its directors were one-half in London and one-

half in Scotland ; it had an establishment in London for eight or nine years, and then it was withdrawn. I merely mention that as part of the history of the bank. The necessity for the Scotch banks keeping their reserves in London has been already mentioned here to-day ; and I may add to that, that the tendency has been of late years for Scotch commercial houses to open London accounts. The directors of the Bank of Scotland came to the conclusion that the reserves of the bank being so much increased lately in consequence of the larger amount of deposits which it holds, they would prefer to manage these reserves themselves rather than through agents ; and they also wished to avail themselves as far as possible of what I have mentioned regarding the practice of opening accounts by Scotch houses in London. But in addition to these reasons the bank hoped that it might also participate in London business. It felt that it had an undoubted right to be in London, and it saw no reason why it should not look forward to participating in London business. I mentioned on Thursday last that during the last 10 years the deposits of the Scotch banks had increased to the extent of £22,000,000. It has been found difficult to employ the whole of these banking resources in Scotland, and it has been necessary, therefore, to a very considerable extent, to use them in London. This formed another inducement to the directors of the Bank of Scotland to open a branch in London.

1045. The way in which we came to this point was through the position of the bank as regards the proportion of reserves in your sense of liabilities. I understood you to say that this was to be justified in the case of a Scotch bank, because they had no large London business ; but would you as an issuing bank in Scotland with a large London business, consider it proper to limit your reserves to the small sum at which they stand with your exclusively Scotch business ?—I am not prepared to admit that they are small ; and if the bank increased its business in London beyond the small amount that it has now reached, following the same course it has hitherto done, its reserves would be proportionately increased.

1046. You do not think that the $3\frac{1}{2}$ per cent., including the gold held against notes, is a small proportion, looking to the general position of your business ?—I think not, because I am unable to take that view of the subject ; I must look beyond the $3\frac{1}{2}$ per cent. represented by gold to the reserves which the bank holds in London.

1047. Then you rely on London for a large proportion of your reserves ?—Unquestionably.

1048. Then the Scotch banking system, I understand, is not a self-contained system by which you can manage without extraneous help, but you are able to conduct your business by falling back upon the bullion in the Bank of England ?—I wish to explain first of all that Scotland affords no means of employing reserves. The system of banking there differs very materially from what it is here, from the absence of an outside market. Each of the banks have their own customers, and the competition that has been alluded to arises chiefly

out of the desire to retain those customers. Of course we rely upon London for the repayment of the moneys which we have placed there.

1049. You are relieved from the necessity in Scotland of holding a considerable amount of bullion, because the banking arrangements in London enable you to get bullion when you want?—Quite so.

1050. But for that, I presume, you would not be content to hold so little coin yourselves?—I do not think that we occupy a different position from what a London bank does. It has a certain amount at its credit with its bankers, with the Bank of England usually, and we are in precisely the same position.

1051. Though you are practically responsible for the whole currency of Scotland, you think that you occupy no different position with regard to the necessity of holding bullion to meet £1 notes, from the banks in London which do not issue at all?—In addition to the coin which is held in Scotland, it can be supplemented within 12 hours from London if the necessity arose.

1056. Do you consider that the privileges of the issue of the banks in Scotland have been increasing or decreasing in value lately?—As the business of the country increases, and as our deposits increase, the right of issue becomes more valuable, because it enters into all the transactions of the country, but the increased issue does not add directly to our profits; it merely gives additional facilities for the carrying on of our business.

1057. It gives additional facilities for carrying on additional business?—Quite so.

1058. And the additional business, I presume, gives additional profit?—Quite so.

1059. Therefore, indirectly, I presume it increases in value?—It increases in indirect value.

1060. (To Mr. Gairdner.) Do you think that it has increased greatly in value since 1845?—There are two ways in which the issue is valuable: there is the direct profit in respect that there is no interest paid upon it; and there is the indirect profit which I tried to explain, by having the use of the notes at our branches. The direct profit is not increasing, but is seriously diminishing, because while the portion which is authorised and upon which we have the advantage is limited, the taxation is upon the total amount of our active issue, which is always increasing year by year, and therefore the direct profit from our issue is less now than it was ten or twenty years ago.

1063. Could you place before the Committee any estimate of the profit of the Scotch banks on their issue?—It can be done roughly, but I have not made any estimate of it. The authorised issue is, in round numbers, £2,750,000; that may be held in the first place directly profitable, and if you take that as worth $3\frac{1}{2}$ per cent. it would be equal to about £100,000 a year. On the other side, that is chargeable in the first place with the cost of maintaining the whole

issue, averaging about £6,000,000, and then you have to charge it with the stamp duty upon £6,000,000, which is 8s. 4d. per cent., and you have further to charge it with the license duty ; the license duty and the stamp duty together, as Mr. Davidson stated, amount to 13s. 10d. per cent. upon the amount of the active issue. Then you must add to that something over 10s. per cent. for the expense of maintaining the circulation ; and we find, I think, that it costs in taxes and in the expense of maintaining the issue about $1\frac{1}{4}$ per cent. upon the total amount of the active issue, which is £6,000,000.

Mr. Orr Ewing.

1064. Then you make cost of the circulation about 2 per cent. and the profit about $3\frac{1}{2}$ per cent., and therefore the net profit is $1\frac{1}{2}$ per cent. ?—This $1\frac{1}{4}$ per cent. is chargeable against £6,000,000 ; that would give you £75,000 a year.

1065. In making up your statement, upon what ground do you base the $3\frac{1}{2}$ per cent. ; the circulation of the notes is not more profitable than your deposits, is it ?—I think that $3\frac{1}{2}$ per cent. is a fair rate to take it at.

Mr. Goschen.

1073. Would you not consider that the value in Scotland of being allowed to issue against notes, was greater than the privilege of holding the same amount of money on deposit ?—Supposing that you had £100,000 of liabilities on notes, or £100,000 of deposits, which you would have to pay back to the depositors, which would be the more valuable transaction ?—The notes, undoubtedly, because you pay no interest upon them.

1074. Do you not calculate that the privilege of issuing notes is a more permanent advantage ?—They are both permanent ; they have both been steadily increasing, but you can hardly say that one is more permanent than the other.

1075. Then I do not see why you calculate a greater amount of profit and a high rate of interest upon the notes than upon the deposits ?—It can be calculated at any rate. You must fix some rate if you wish to bring out a result, and we take $3\frac{1}{2}$ per cent., be it right or wrong. (*Mr. Davidson.*) The $3\frac{1}{2}$ per cent. was taken as representing fairly the return which the Scotch banks gain from the use of their resources, and the calculation is made upon the £2,750,000 of authorised issue. The calculation presumes that the right of issue is done away with ; the Scotch banks would then lose what they are enabled to gain from the authorised issue of £2,750,000 ; and they would require, under a new system, to hold a stock of notes and coin ; notes of the Bank of England, or any other bank of issue, as working stock, in order to carry on their business. It has been calculated that the eight large banks, in order to work the business of their whole branches, would require a stock of at least £300,000 each,

making together £2,400,000. The three smaller banks would require, we estimate, £500,000. Taking those figures together, it would appear that £2,900,000 of working stock of notes and coin would be required; that is merely for the purpose of providing what may be called "till money." In addition to that amount we calculate that we should require to hold a reserve of gold or cash balances without interest, presuming those balances to be with the Bank of England, of £1,000,000, the total amount being £3,650,000. Taking that sum at $3\frac{1}{2}$ per cent., it brings out £232,750. From that we deduct $1\frac{1}{2}$ per cent. on the present circulation of the Scotch banks, amounting to £73,277, bringing out the net annual direct loss to the Scotch banks of £159,473. In making this calculation we have not included the amount of gold which it would, under such a system, be necessary for the banks to hold against their other liabilities. This is an important consideration from the banking point of view.

1080. Do you attach a pecuniary value to the privilege of the Scotch banks to hold gold generally against their liabilities instead of its being ear-marked for the particular purpose?—I do.

1081. Will you explain shortly to the Committee what value you attach to it?—The Scotch banks now hold about £4,000,000 of gold upon an average during the year; this they are required to do in accordance with the Act of 1845. To what extent they would hold gold did that Act not exist, I am not prepared to say; but my impression is that they would not hold such a large amount of gold, having their reserves in London immediately available for any demand that might arise in connection with their deposits. To the extent of any reduction there would be an advantage, because the money at present absorbed in gold might be employed otherwise in London.

1082. I think you have misunderstood my question; you have answered such a question as this, have you not? "What disadvantage arises to the banks of Scotland from having to hold gold in excess over the authorised issue?"—Quite so.

1085. What disadvantage would arise to the Scotch banks if the gold had to be specially held against your excess issues, instead of being held as now against your general liabilities together?—That appears to involve a new principle, and I should require to consider the point, more especially as I have had no opportunity of consulting the other banks upon the subject.

1086. Then you would prefer not answering questions upon the value of the privilege which the Scotch banks enjoy of being allowed to hold their gold against all their liabilities, instead of against the special notes?—It is of course difficult to estimate what the value would be, because that would really depend upon the amount which the Scotch banks thought it necessary to hold against their other liabilities.

1087. Would you consider that you would have to hold more gold than you do now?—Decidedly not.

1088. At an earlier period of your examination I asked you a question involving this point: we took the excess of the bank notes

over the authorised issue, and we took from the amount of coin held by the Bank of Scotland an equal amount, and then there remained £100,000 over to represent your general liabilities. I understood you at that time to say, that that £100,000 would not be enough, in your judgment, if the other had to be specially hypothecated against the bank notes?—Quite so. I did not understand the previous question to allude to any hypothecation of gold, or any portion of it. (Mr. Gairdner.) I understand that the question involves the securing of the notes, and that is the new principle which I understand Mr. Davidson refers to as requiring consideration. It seems a very important principle.

1089. (To Mr. Davidson.) I am not now inquiring into the importance of the principle, but I am inquiring into the banking fact, whether if the gold were hypothecated to secure the notes specially, and therefore could not be touched for the other purposes, if the excess issues were treated simply as counters representing the gold in the tills of the banks, you would then be obliged to hold more gold?—Decidedly.

1098. And the managers of the banks meet periodically to settle the charges, do they not?—They do; when changes take place in the Bank of England rate, we meet to regulate our own rates with reference to the Bank of England rates.

1101. Do you attach much importance to the advantage of that arrangement of the 11 banks amongst themselves?—I think that it is a very great advantage both to themselves and to the public.

1102. Will you state the advantage to the public?—One feature, and a very important feature, in connection with Scotch banking, is, that the system of rates secures to the small trader the same terms as to the large, and the business in Scotland is very much made up of small trading accounts, and the less wealthy classes in business are enabled to have accommodation from the banks upon the same terms as the more wealthy.

1111. Looking to the dividends to the shareholders?—Looking to the dividends to the shareholders. With regard to the dividends, I think it right to explain that it is only within the last 10 or 12 years that the dividends in the Scotch banks have materially advanced, and I think this is entirely attributable to the fact of the deposits having so largely increased, not to any change in the mode of dealing with the public, but to the fact that the banks have a larger amount of banking resources put into their hands.

Sir John Lubbock.

1118. In giving his evidence before us, Mr. Fleming stated that, in his opinion, the value of the circulation to the Scotch banks does not consist in the circulation, which is in the hands of the public, but that the advantage of the circulation, or rather the advantage of the right of issue was, that it enabled the Scotch banks to keep till money in their various establishments, in the shape of

their own notes, although those notes never actually go into circulation; do you agree with that?—Quite so; the alternative being the necessity of keeping gold, or the notes of a bank of issue.

1119. The power of keeping your own notes in the tills of your own branches, is as valuable to you as the notes which are out in circulation among the public, is it not?—Quite so, indirectly; of course they afford no direct profit.

1120. But they save you from a loss?—They save us from a loss.

1121. And therefore the value of the right of issue is particularly important to banks that have many branches?—Quite so.

1122. I presume that the Committee may take it, that many of your smaller branches would practically be unremunerative if you had to keep either gold or Bank of England notes in them?—Quite so.

1145. Referring to a table which you were good enough to put in showing the position of the Scotch banks, I see that in the column of acceptances the three Scotch banks which are established in London have acceptances to the extent of £3,500,000 in round numbers, out of a total of £5,100,000?—Quite so.

1146. I presume that the tendency is, when they are established in London, for their acceptances to increase largely?—There is no business connected with Scotland leading to large acceptances payable thereon; credits issued in Scotland are, I may say, invariably given in the form of drafts upon London.

1147. In fact, the acceptances of those three banks were much smaller before they came to London than they are at present?—Quite so.

1161. (To Mr. *Gairdner*.) Supposing that you received a cheque from a London bank, you would treat it in the same way as a country bank?—We charge nothing upon a cheque upon a London bank, because we ourselves having balances in London, it suits us to take London cheques without any charge. We make no charge upon the cheques paid into the bank which cheques are payable in London.

1162. But that is not exactly my question. Supposing, for instance, that Messrs. Coutts & Co. or Messrs. Herries remitted to you a cheque for £600, you would pay to them in London the £600 less your commission?—We should.

1163. On the other hand, if you received a cheque upon them, of course you collect it free of any commission?—Free of any commission.

Mr. Beckett Denison.

1187. (To Mr. *Davidson*.) Supposing that your notes were legally payable at all your branches, would you have to keep a larger amount of gold than you do now?—We should certainly require to keep a larger amount of gold; but that would be an entire change of system.

Mr. Anderson.

1198. Have the banks a formal meeting whenever the Bank of England rate changes?—Almost invariably; and if they have not a

meeting it is for this reason, that in order to save trouble we agree to adopt the rates which were previously used under the same circumstances ; I mean with reference to the Bank of England rate.

1235. If your right of issue were entirely withdrawn in Scotland, what extra capital would you require ; that embraces the whole question, I think ?—I have stated that we should, in the first place, require to redeem our authorised issues, amounting to £2,750,000. I have also stated that the amount of notes and coin, and the reserve which we should require to hold, in order to maintain the new system, would be £3,900,000, making altogether £6,650,000.

Chairman.

1236. Do you say that you would require £4,000,000 beyond the amount of the authorised issue of notes ?—No ; first of all the banks would require to redeem their authorised issue of £2,750,000, and then provide a working stock of notes and coin, as well as a reserve to maintain that stock ; the two together amounting by the estimate before me to within £100 of £4,000,000, the three items making a total of £6,650,000.

Mr. Anderson.

1245. I suppose that those are the two principal features of Scottish banking, are they not ; viz., the making no charge for keeping accounts, and the allowing of the actual interest upon the balance to credit ?—It is that system which attracts the large amount of deposits that we keep.

1246. And it is that system which has caused economy in the currency of the country ?—Certainly.

1247. And that enables Scotland to do with a very much less amount of floating currency, as compared with the population, than is required in England ?—Certainly.

Mr. Mulholland.

1248. I think you said that the £70,000,000 of deposit in the hands of the Scotch banks included balances of account ; do you know what proportion of it would be balances of account ?—I am enabled to give some information upon that subject, although it is not complete. It will be more complete in the course of a few days, but taking some of the large banks, I find that the deposit receipt holders average 75 per cent. in amount.

Mr. Orr Ewing.

1271. (To *Mr. Gairdner*.) And then the interest that you allow upon deposits depends upon the charge which you make for discounts, does it not ?—Nowadays the interest that we allow upon deposits is, as a rule, the same rate as is advertised in London by the London joint-stock banks.

1272. It goes up and down according to the discount which you are charging ?—Yes, and that again is regulated by the Bank of

England rate ; but we differ from the London banks, in so far as we allow a rate upon the daily balances of current accounts.

1279. Looking at the statistics which you have given of the increase of deposits from the year 1845 to the year 1875, and to the increase of branches throughout Scotland during that same time, the increase of deposits seems to be very much in the same ratio as the increase of branches ?—It may be so.

1280. For instance, you will find that in the year 1845, there were only 382 branch banks ; in 1855 there were 486 ; in 1865 there were 654 ; and in 1875 there are 884. The deposits in 1845 were £33,000,000 odd ; in 1855, £43,000,000 odd ; in 1865, £56,000,000 odd ; and in 1875, £78,500,000. Therefore the deposits appear to increase in almost the same ratio as the number of branches throughout Scotland ?—But it does not follow from that, that the fresh deposits came from the new branches.

1281. But are you prepared to say that they have not ?—I should think it extremely improbable that the new branches have brought these fresh deposits.

1283. And they give facilities to customers for the purpose of competing with each other ?—Certainly, and I think that the competition has been to a large extent the means of getting in small deposits from small traders, and the lower strata of the working classes. There are £20,000,000 held in sums under £200, and I have no doubt that the competition among the branches has been the means of getting in those small deposits.

1284. Then you look upon those branches scattered throughout Scotland as of great importance, and great advantage to the country ?—I think very great indeed.

1285. Do you think that if the circulation of £1 notes was stopped in Scotland, you could possibly maintain the same number of branches which you have at present ?—I think not.

1286. They could not be conducted at a profit, you think ?—I should think not ; I should think that some of the smaller branches would require to be put down.

1287. And even although bankers might be compensated as bankers for any loss that might accrue by the deprivation of that circulation, the country might suffer great loss by any change of system ?—I think it would : I think that the manner in which the Scotch banks have sought out the savings of the working classes is a very important feature of the system looked at from the point of view from which, I presume, this Committee look at it : that is to say, rather from the non-banking point of view.

1289. I should like to call your attention to question 34 in Mr. Fleming's evidence ; he was asked : " Are you aware that it is alleged that, according to the mode in which the averages are taken, a larger amount of notes are issued by the Scotch banks than would be issued, for instance, if the amount of gold was ascertained in the same way as it is in the Issue Department of the Bank of England ?—A. That,

no doubt, is so, for under our system of exchanges in Scotland throughout the country (I am not speaking at present of Edinburgh or Glasgow, but of various small branches where there are more banks than one) exchanges only take place once a week, and notes are exchanged between banks on a Saturday morning; then it is the etiquette of the Scotch banks that they do not issue the notes of each other, so that supposing that the Bank of Scotland and the Royal Bank were both represented in some town in Scotland, the Bank of Scotland would go on from Monday morning to Friday evening issuing its own notes, and so would the Royal Bank; and then on Saturday morning they would exchange the amounts held by them respectively, so that no doubt there is an excess of actual issue, if you deal with the issue as representing the notes which are lying useless in the hands of the respective banks; but there is certainly no excess of circulation in the hands of the public as distinguished from the banks." Is it the case that you make a distinction between notes held by bankers other than their own notes, and notes held by the public?—We cannot tell what are held by the public and what are held by the other banks.

1290. But all notes issued by a bank, and held by another bank, are as much in the hands of the public as if they were held by anybody else, are they not?—For the purposes of the Act, undoubtedly so; but if you will allow me to make the explanation a little more clear, I should like to do so. The question points to the fact that the law in Scotland is different from the law affecting the Bank of England, and the difference is most important. In Scotland any existing bank of issue may issue as many notes as the public require, subject only to the conditions of the Act of 1845; and the restraints imposed by the Act of 1845 are contained in the sixth and tenth clauses. The sixth clause states "that from and after" such a date "it shall not be lawful for any banker in Scotland to have in circulation upon the average of a period of four weeks" (which is quite different from the Bank of England), "to be ascertained as hereafter mentioned, a greater amount of notes than an amount composed of the sums certified by the Commissioners of Stamps and Taxes as aforesaid, and the monthly average amount of gold and silver coin held by such banker at the head office, or principal place of issue of such banker during the same period of four weeks, to be ascertained in manner hereinafter mentioned." Then in clause 10, you find what is the "manner hereinafter mentioned." "And be it enacted, that for the purpose of ascertaining the monthly average amount of bank notes of each banker in circulation, the aggregate of the amount of bank notes of each such banker in circulation at the close of the business on Saturday of each week during the first complete period of four weeks next after the 6th day of December, 1845, shall be divided by the number of weeks, and the average so ascertained shall be deemed to be the average of bank notes of each such bank in circulation during such period of four weeks, and so in each successive

period of four weeks" ; that brings in a most important difference in the system as applied to Scotland and Ireland, as compared with the more rigid system of the Bank of England.

THURSDAY, 13th MAY, 1875.

Mr. CHARLES GAIRDNER and Mr. JAMES SIMPSON FLEMING, recalled ; and further examined.

Mr. Balfour.

1328. (To Mr. *Gairdner*.) The banks, you said, came to a common agreement with regard to the terms which they offered to the public ?—Yes.

1330. But the difficulty is to understand why they should keep down their profits when they came to an agreement about their terms, and when they might raise them, without fearing any foreign competition ?—They have not done so ; they have given the public that advantage.

1331. It is rather curious, is it not, that they should do so ?—I think it might be stated in answer to the question, that the rates which we charge to the public for loans are, in the main, regulated by the rate that prevails in England. The Bank of England rate is the starting point, and it forms the criterion for fixing the other rates. In that way you arrive at the rate which the Bank receives from the public ; and the greater liberality of the Scotch banks consists, no doubt, to a large extent, in the first place, in the fact, that we allow interest upon the daily balances of accounts, which is not usual in England, by means of which, I think it is, that we attract such a large amount of the smaller classes of depositors ; and also that the scale of commissions is lower than that which prevails in the country districts in England.

1334. Would the Bank of Scotland, for instance, which has established a branch in London, give the same terms to its London customers as it does to its Scotch customers ?—I cannot answer that question. (Mr. *Fleming*.) The Royal Bank which I represent, has a branch bank in London, and our principle in London is to follow the example of the London joint-stock banks, both as to charges and as to rates of interest allowed ; practically, the rates of interest allowed in Scotland, as well as in London, on deposit receipts, are precisely the same as those allowed by the joint-stock banks in London.

1335. I believe that the London joint-stock banks make a charge for keeping an account, whereas the Scotch banks make no such charge ?—I am not aware that the London joint-stock banks do make a charge. The private bankers in London do, I believe.

Mr. Mundella.

1349. Seeing the very large number of banks existing in Scotland in proportion to its population, as compared with England, I assume

that you consider that England is very much under-banked so to speak?—According to our Scotch notions it is, certainly.

1350. And you think that that is a very great disadvantage to the English population?—To the people, we think it is so, and probably to the banks as well.

1351. Will you state what, in your opinion, are the disadvantages?—The experience of the Royal Bank in the establishment of branches, even in the same town in which it had previously a branch, for example in Glasgow, is this: that there has been a very large extension of deposits through those sub-branches, without any falling off in the deposits at the principal office in the town; we have some eight or ten offices (I forget how many) in Glasgow; one a principal office, a kind of centre, and the others sub-branches, all established in the course of years. The result has not been the abstraction from the central office of any appreciable amount of deposits, and there has been a large increase of deposits at these sub-branches, showing that the extension of branches, even in the same town, if it is large enough, is attended with advantages to the public, and to the bank as well.

Mr. Backhouse.

1362. (To Mr. *Gairdner*.) I take it that the object of your calculation with regard to the profit per cent. upon the Scotch deposits as compared with the English deposits, is to show the advantage of the Scotch system over the English system, or rather to depreciate the English system of banking?—My object was to bring out in a fair contrast the results of banking in the two countries, and I adopted a mode of contrast which I found had been used, and was well understood, as having been used by the “*Economist*” newspaper. It seemed to me to be fair, and I have applied it precisely as I found it.

1363. Are there not two very important elements left out in such a calculation as that, viz., the extent of the business, and the expense of conducting it, both of which figures would materially alter the result without affecting the amount that was paid by the public for the banking accommodation?—No doubt; at the same time I can only deal with the figures which were published. In addition to these published figures I have, in so far as the expenses are concerned, mentioned to the Committee what I believe may be held to be a fair statement of the expense of bank management in Scotland.

1364. Therefore any such “statistics would be quite misleading to any minds which were not well acquainted with the full bearing of the subject?—No, I think not. In order to make the statistics complete, it would be desirable that the Committee should have a corresponding statement from the English country banks in regard to their expenses, and then I think they would have the materials for a sound conclusion.

1365. But at best it can only give a very general impression of the results and not the real state of the facts, can it?—I think it gives a

very fair criterion of the results, particularly when you apply it to the total liabilities as well as to the cash deposits.

1366. You say that the Scotch banks make £1. 1s. 11*d.* per cent. upon their deposits, and that their expenses are £1. 1s. ; that leaves the gross receipt from the public on deposit at £2. 2s. 11*d.* for gross banking profits ; you stated that the London joint-stock banks in 1873 received a gross banking profit of £1. 6s. 3*d.*, and in 1874 a gross banking profit of £1. 1s. 1*d.* If we take the latter sum of £1. 1s. 1*d.* for 1874, and add their expenses, which were 13s. 4*d.*, it would appear, would it not, that the gross banking profit made by the London joint-stock banks was £1. 14s. 5*d.* per cent., while the Scotch banks' profit was £2. 2s. 11*d.* per cent. ?—In answer to that, I would say in the first place that the profit of the London joint-stock banks in 1874, and especially in the latter portion of the year, was quite exceptional, their margin of profit being much smaller than usual, and that occasioned a good deal of grumbling, as was seen in the newspapers.

1367. Take 1873, when the gross profit was £1. 19s. 7*d.*, as against £2. 2s. 11*d.*, still the balance of profit was in favour of the Scotch banks, was it not ?—I do not consider the contrast between the London joint-stock banks and the Scotch banks as a fair contrast ; I think the fair criterion is with the English Provincial banks, but I put in the London banks in order to show the result to the Committee.

1368. If I tell you that the largest English joint-stock provincial banking company receives a less sum per cent. upon its deposits than the Scotch banks, do you think that your statement really shows anything at all ?—I do ; I think that the larger English banks may very possibly conduct their business upon terms as favourable as the Scotch banks for aught I know ; but the banks generally throughout England, I think, do not do so.

1369. I take it that considering the small places where there are many banks in Scotland, there are a vast number more branches maintained in Scotland, taking the banks as a whole, than are absolutely necessary to well conduct the banking business of the country. If there was an amalgamation of the 11 banks into three or four, and say half the branches were reduced, would £500 a branch be an unfair sum to state as the saving of expense, which would amount to £224,000 a year, or 2½ per cent. extra profit upon the capital of the Scotch banks ?—I think £500 a year would be too much to assume as the expense of the average branches, in so far as our Scottish experience goes.

1370. But you admit the principle generally, that if the Scotch banks were more concentrated, there would be a considerable increase of profit to the shareholders of those Scotch banks ?—I admit that the element of expense of management is a fair element to take into this contract, if you can get it. I have supplied the Committee with

an estimate of the expense of the Scotch management, and if they can supplement that by getting the expense of the English banks, then I think that the materials are complete.

1377. With regard to your charges, I think you stated just now that the Scotch banks made no charges upon current accounts; but there was a scale put in the other day in which you state charges for transacting business, though they may not be, strictly speaking, charges on current account?—There is no case of a charge upon a current account.

1378. Is it not your practice to charge the receiver of money, and not the payer of money, as the English practice is; you charge for the collection of credits rather than for the payments to the debit side of an account do you not?—We charge for the transfer of money from one place to another.

1379. Is not that a charge upon a banking transaction?—Of course it is a charge upon a banking transaction, and we have put in the scale of charges upon such transactions.

1380. Do you not charge the receiver rather than the payer of money, the English practice being more generally to charge the payer?—The English practice in many cases, as I understand, is to charge a man for passing cheques upon his own account; that is unknown with us; the scale of commissions has been put in, and we invite examination of it, and believe it to be much below what is prevalent in England.

1381. Are you not aware that the English practice is, when they charge on the debit side of an account, to collect those sums, for which you make a scale of charges, free of any other charge to their customers?—I am not aware of that.

1382. When you receive a cheque from an English country bank upon yourselves, you make a charge for commission for paying in London, do you not?—We do.

1383. When you send a cheque to an English country bank to be paid over in London, do they ever make a charge to you for making the payment in London?—They do.

1384. Can you give me any instances in which they have done it?—It is the regular practice, so far as I am aware of; if we have cheques upon provincial banks, and ask them to make the money available to us in London, we are subjected to such a charge. (Mr. Fleming.) I have no hesitation in saying that such charges are frequently made to us by English bankers; we cash English provincial cheques in Scotland; we send them for collection to the banker on whom they are drawn in the provinces; we ask him to pay the money in London, which he does; he makes a charge, and that charge is sometimes a quarter per cent.; we make that charge to our customers, but we make no charge on our own account.

1385. When it goes through the Clearing-house you have no charge made upon you, have you?—I am not talking now of cheques going

through the Clearing-house. We do not look upon ourselves, having regard to what is due negotiation, as entitled to send a country cheque to London to be passed through the country Clearing-house, unless with the authority of our customer. If our customer says "We wish you to send all such cheques to London," then we do so, and we make no charge. If, on the other hand, he declines to accept the responsibility of the delay which results from sending it through the country Clearing-house, then we send it to the banker upon whom it is drawn if we have no correspondent in the town upon which it is drawn, and we ask him to pay the amount in London. He makes his charge and we account to our customer for the amount without making any charge on our own account. If the cheque is negotiated through the country Clearing-house in London, it is credited to our customer without any charge, and no charge is made against us, but then there is a delay of three or four days. If we cash a cheque in Glasgow on the first of the month, we send it to London, it is passed through the country Clearing-house and we get credit for it on the fourth or fifth day afterwards.

Mr. Backhouse.

1410. (To *Mr. Gairdner*). In answer to the honourable Member for Glasgow, at Questions 1247 and 1248, you stated that Scotch banks required less coin for their system; does not that answer of yours require to be supplemented by the fact that you depend upon, and can obtain from England, where you employ money at interest, any amount of gold that you may require for the purposes of your business?—No doubt; I explained that we keep our reserves in London, and that London being the mart for gold in this country, we naturally get it from there when it is required.

1416. You must remember that in addition to meeting your deposit and current account liabilities, you have to maintain the stability of the circulating medium of the country?—Each bank has to understand its own business, and to maintain suitable reserves, which they do.

1420. The capital, I think, of the Scotch banks has decreased since 1845, whereas the deposits have more than doubled?—The capital has slightly decreased, from the absorption of the smaller banks.

1421. And from the failure of the Western Bank of Scotland?—And from the failure of the Western Bank of Scotland.

1422. I think you admit that practically, though not theoretically, there is a monopoly by the existing banks in Scotland, owing to the Acts of 1844 and 1845?—We have had no new banks since that time, as has been explained.'

1425. Putting it in your own way, have not the rights which you have enjoyed, which have been restricted by the Acts of 1844 and 1845, and which created a monopoly to you, enabled you to bank more cheaply?—I think so.

1426. You are aware, I suppose, that English banks have been

started since 1845 with a larger capital than the capital of all the Scotch banks together ?—Probably that is so.

1434. You have been asked with reference to till money and the saving of keeping £1 notes, is not the same principle to be applied to your power of issuing £5 notes, so that if you were not allowed to issue £1 notes, but were still allowed to issue £5 notes, you would yet be able to save a considerable sum in the expenses of maintaining your branches ?—No ; I think that the loss of the right to issue £1 notes would be a very serious disadvantage to the banks.

1435. But still you keep a certain number of £5 notes in the tills of all your branches, do you not ?—Yes.

1436. And that costs you no interest, being in the shape of unissued paper circulation ?—Quite so. A question was put to me, on Monday I think, as to how far we put a value upon the £1 note as distinguished from the £5 notes, and notes of larger denominations, and that question I was unable to answer ; but there is no doubt that the £1 notes are of very great importance in the carrying out of the system that exists in Scotland.

1446. Would it not be an advantage to you, if, instead of being obliged to bring the gold from England to Scotland, the warrant of the Bank of England, say that they held £500,000 in gold on account of a Scotch bank, was held to be within the meaning of the Act of 1845 ?—It would be a considerable saving. There was a very large sum taken down from the Bank of England within the last week to satisfy the Act, which, if your suggestion was adopted, would have been saved. (Mr. *Fleming*.) With reference to that allow me to say that I am scarcely prepared to concur in the expediency of substituting a warrant from the Bank of England, for I look upon it as one of the great advantages of the legislation of 1844 and 1845 that we have in Scotland a quantity of gold equal to £4,000,000. That advantage would not be derived from a system of warrants issued by the Bank of England. What would serve the same purpose, and leave the Bank of England unaffected, would be, that instead of taking a monthly average, you should take a six-monthly average or a yearly average. That would be neither an advantage nor a disadvantage to the Scotch banks, but would simply leave them to hold all the year round, the average amount which at present they require, and it would save the frequent transmissions of gold to and from London.

1447. That gold being clearly not by law specially held against your notes, but against all your liabilities ?—Hence the advantage of having it in Scotland. Before the Act of 1844, the Scotch banks held between £300,000 and £400,000 in gold, whereas they now hold £4,000,000 ; I look upon that as a most decided advantage of the Acts of 1844 and 1845.

1448. Then, if I understand your answer rightly, you personally do not consider that the Scotch banks hold sufficient gold, and that

it is very desirable that the gold held against the excess of issue should be in Scotland also?—I do not think that you can infer that from what I have said; certainly, I must have expressed myself very badly, if that is the result at which you have arrived. I did not mean to convey that opinion. The opinion which I meant to convey was that the £4,000,000 in gold satisfies the legal requirements of the Acts of 1844 and 1845, and that, in addition, it is a very great advantage to us to have such a stock of gold in Scotland in the event of any panic arising.

Mr. Sampson Lloyd.

1475. (To Mr. Gairdner.) Could not Scottish engagements in London be met by means of a London agency as easily as the engagements of English country banks are met by a London agency?—Until within recent years that was the case; and the question raised now, and which led originally, probably, to the appointment of this Committee, is the question whether circumstances do not now require the Scotch banks to be in London. The bank that I represent has not as yet established any office in London; we still adhere to the old system.

1476. But is there, or is there not, anything special in the business of Scotch banks, differing in any material degree from the business of large banks in the provinces of England, which make an exceptional legislative privilege (if it be a privilege) necessary in the case of the Scotch banks coming to London when the English country banks have managed to do without it?—All I can do is to explain, as well as I can, the nature of the business transacted by Scotch banks; but for the practice of English banks I would rather refer you to the English banks themselves.

1477. I presume that no one would doubt that it may under some circumstances be more profitable for any large bank with a large business to have its own office in London?—Clearly, some of them think so.

1478. But does not the experience of English banks in the country, with 20 or 30 branches (such, for instance, as the Manchester and Liverpool District Bank, a very large and powerful bank indeed), who have hitherto conducted their business in London by means of the agency of another bank, prove that it must be possible for any other bank in the kingdom to carry on its London business, without its necessarily having an office of its own in London?—It is a question for those banks to consider; they must each study their own business. (Mr. Fleming.) I would answer that question by saying that there can be no doubt of the fact. The Royal Bank of Scotland carried on its business for 150 years without an establishment of its own in London; and if Parliament had not chosen to give it power two years ago to come to London, it must have done so now.

1479. (To Mr. Gairdner.) I think you stated that you had reason to believe that the Scotch banks were more liberal to the public in

their terms than the English banks. I wish to ask whether you derive that impression from reading, from hearsay, evidence, or from any personal experience of the charges of English banks?—I do not think that I have stated that in the precise terms in which you put it. What I stated was this; that as regards the rates for lending, we adopt substantially, I believe, the English rates; I do not think that there can be very much difference between us; but we are more liberal to the Scotch public in regard to the rates of allowance made for money; and by reason of that liberality both the public and the banks have prospered in that we have attracted a very much larger proportion of money into the banks than appears to be the case in England, and of course that is to our advantage.

1480. Then may the Committee understand that, when you stated generally that the terms of the Scotch banks are more liberal to the public than those of the English banks are; that statement had reference rather to the rates of allowance on current accounts and on deposits than to the rates charged on loans and discounts?—It has reference rather to the rates of allowance for money deposited with the bank on current accounts, and to the rates of commission which we charge; and the proof seems to me to be in the fact that, as we allege, our margin of banking profit applied either to the cash deposits, or to the total liabilities of the banks, is less than that which the banks in England seem to enjoy.

1481. Then the belief which you have expressed that the Scotch banks are more liberal in their terms than the English banks, is based principally upon that result which you have last stated?—Yes.

1482. But it does not arise from any peculiar personal experience or knowledge of the practice of the English banks?—Of course one hears many observations made. I believe that in many parts of England the rates of interest allowed are very low; that they are fixed in fact.

1486. Are you aware that the large English joint-stock banks, with very little exception, also allow interest on current accounts?—I believe that the practice has become general in London; but I rather think that it is not so in the provinces.

1487. You state that the commission is lower in Scotland; are you at all aware, from personal experience, what commission is charged in the English banks?—I speak from a general impression founded upon commissions charged to ourselves by English country banks.

1490. Would the charge often exceed 2s. 6d. per cent.?—I am not very familiar with the details of it. (*Mr. Fleming.*) I have not looked at it with reference to this inquiry, or recently, but my recollection of the existing arrangements between the Royal Bank and several of its English provincial correspondents, is this: that the commission charged on either side ranges from 6d. to 2s. 6d. per cent., according to arrangement.

1497. (*To Mr. Gairdner.*) Would not the difference in profit per

cent. on the liability to the public be greatly affected by the expense of carrying on the business? For instance, supposing that two banks have an equal amount of liability to the public, £5,000,000 or any other sum, and that one bank has only its head office, and that the other has 50 branches scattered all over the country; would not the expense of carrying on the business in the latter case be so great as to affect the per-centage shown by your table, without necessarily involving higher charges to the public?—I have admitted from the first that the question of expense, ought to enter into the calculation, but I have not the materials. I have told you what I believe to be the fair average expense of the Scotch banks, and there I must leave it.

1498. But you do not admit, as I understand, that the expense of a bank with a great many branches, which is the case with the Scotch banks, necessarily affects that table very much, and reduces the apparent profit in proportion to their liabilities to the public, although it may not reduce their charges, and the liberality of their allowances to the public?—To put it in this way: if the English country banks, whose balance-sheets I have analysed, conduct their establishments at a lower scale of expense by one-half per cent. on their deposits than we do, that would, to a very large extent, remove the difference brought out in my table.

1499. I think one of the gentlemen who have given evidence (I am not sure whether it was yourself or not) expressed a doubt whether the business could be conducted profitably at the small branches, if the privilege of issuing £1 notes, and the other privilege of issuing against coin in the till, were taken away?—Yes.

1500. Does not that enable the Scotch banks to establish branches all over the country, and thereby to gather deposits to an extent which the English banks cannot, under the present system, do?—Certainly, I think it does.

1504. Allusion has been made to the cash credit system as being something giving special advantages to the public in Scotland; is not the cash credit system simply a borrower borrowing money of the bank on the guarantee of two or more sureties?—Or against securities of a different kind deposited with the bank.

1505. Is it not the practice of well-conducted English banks to lend to suitable persons on guarantees and on security?—I am not aware that they make the account operative; they make a loan against the securities, but so far as my knowledge goes it is not the general practice in England to allow an operative account of that description.

Mr. Hussey Vivian.

1516. Under the Bank Act of 1845, you have the power of issuing any amount of notes if you have gold in your till against them, have you not?—Yes; we are allowed to issue to any extent that the public require; but, to whatever extent we exceed our

authorised amount, we must hold gold in terms of the provisions of the Act of 1845.

1520. So that if you have an over-issue of £3,800,000, and gold to the extent of £4,000,000, the £3,800,000 of notes, being a portion of liability to the amount of £91,000,000, would only rank as a fractional part of that £91,000,000 in its claim upon the gold?—Clearly so.

1521. So that, in truth, the over-issue of notes is in no way represented by gold?—It is in no way secured.

1527. Then, what is the great benefit to the country of the limitation that a certain amount of gold should be behind each note?—That raises the question of the principle of the Acts of 1844 and 1845. The idea of securing the notes was never under consideration at the time those Acts were passed. That is quite a different principle, as I understand it, from the principle of those Acts. What we are required to do by the Act of 1845, is to hold at our head office an amount of gold equal to the amount whereby our issue exceeds a certain certificated amount; the amount to be ascertained upon the aggregate returns of four Saturdays.

1532. Would you keep as much gold if you had no note circulation at all?—I can hardly say that I have considered the question; but we should certainly keep a very large amount, I think. We should probably keep about the same amount of gold as we do now.

1533. Then, in that view, your over-issue of notes is an absolute profit to you to the full amount, is it not?—It is possible to put it so, no doubt.

1534. It is a logical inference, clearly?—Yes.

Chairman.

1599. I think that in the statement which you originally put in, which came from the banks of Scotland, reference was made to the legislation of 1845 as not having been according to the wishes of the people of Scotland; is it your feeling and the feeling of those whom you represent that that legislation was injurious?—I think I may say that we are authorised on the part of the Scotch banks to state that we think that on the whole it has been beneficial.

1600. What were the apprehensions which were originally entertained with respect to it?—Up to that time a system of complete freedom had prevailed, and the country had thriven under it, and everyone seemed to be satisfied with it; and I think that the feeling was one of doubt and hesitation as to whether any change was likely to be for the better.

1601. But those apprehensions which were then entertained have not, in your judgment, been justified?—I think not.

1602. You do not now desire to have those restrictions removed?—No, we do not ask to have them removed. We have stated in the minute which Mr. Davidson read, that there were some matters of detail that we thought might be altered advantageously.

1603. You would not desire to see, for instance, a restoration of a system under which any bank might establish itself in Scotland with a right to issue to an unlimited extent?—I think I may say, as representing the banks, that they do not wish to see it thrown open; but at the same time for my own part, as I said on Monday, I should personally have no great apprehension in the matter, supposing that it were thrown open.

1604. By “apprehension” do you mean that you think that no new banks would be really established?—I think that if they were they would not last very long.

1607. Do you consider that it would be a desirable thing or an undesirable thing that the Scottish system of issue should be made general throughout the United Kingdom, and that all banks established as banks of issue should be allowed to issue notes of any size down to £1, and to issue upon coin over and above their authorised issue?—In so far as the principle is concerned, I should say that it would be a great advantage that that should be put in operation in other parts of the kingdom, but any changes of course involve dangers. If there were weak banks, the fact would come to be known, and various disturbances might take place, but I cannot imagine that if the principle is good for Scotland it can be otherwise than good for England.

1617. Supposing that the Union Bank on the whole thinks it better not to come to London, but that the Bank of Scotland thinks it better to come, would the Union Bank consider that the Bank of Scotland had gained a point by coming to London, though it did not think it worth while to come itself?—That is one of the points which we are now obliged to consider. The coming to London of three of the banks has of course been an important change in the conduct of the business in Scotland, and it may be a necessity for the other banks to open offices in London, because those banks have come here. Even, although upon the merits of the case we might not be anxious to have a London office, it may be a necessity, in order to protect our Scotch business.

1628. Would it be material if you lost the whole of the authorised circulation of the banks?—It would be a very great loss to individual banks.

1629. But not to the country?—Through the banks it would be a loss to the country. In the case of the Union Bank of Scotland, with which I am connected, our authorised circulation is £454,000; the advantage of that is very considerable to the bank, and it is a very important advantage. (*Mr. Fleming.*) I would answer the question, in case I should be committed by Mr. Gairdner's answer, in this way: that it would be a very serious loss to the banks in the first instance, and a very serious direct loss to the public. It appears to me, that adopting Sir John Lubbock's figures, putting the right of issue of the Scotch banks as equivalent to the use of £9,000,000

of capital, the immediate and necessary effect of the withdrawal of the rights of issue in Scotland would be a withdrawal from the amount now employed for purposes of trade and commerce to the extent of £9,000,000, and that therefore the trading community would have their accommodation lessened by £9,000,000, or something like one-sixth of the whole amount employed in Scotland in the discount of bills.

1631. But I rather understand your line of argument to be, that the public were those who really got all the advantage that came to the banks?—My point was this: that if you withdraw £9,000,000 from the available banking resources of Scotland, in order to provide more till-money for carrying on the business of the various banks, you, to that extent, diminish the power of the banks to give accommodation to the trading interests of the country.

1632. How would £9,000,000 be withdrawn if the authorised issue was somewhere about £3,000,000?—I have already said that I was taking Sir John Lubbock's figures upon that point: I know that another calculation is before you, but I have not thoroughly examined that; it is £7,000,000 according to Mr. Davidson's calculation; my impression is that it is understated, and that Sir John Lubbock is nearer what the result would be of a suppression of the Scotch issues when he says that it would require from £8,000,000 to £9,000,000 to fulfil the functions which are now fulfilled by our right to issue notes.

Mr. Goschen.

1633. Is there not this difference that Sir John Lubbock's calculation is based on taking away the Scotch issues altogether, while Mr. Chancellor of the Exchequer's questions were directed to the suppression of the authorised issue?—I certainly was dealing with the question upon the footing that the issues of Scotland were entirely suppressed.

Chairman.

1634. Then you misunderstood me; my questions all pointed to allowing the system of issuing notes against gold to continue, as it does at present; what would be the effect either of abolishing, on the one hand, or of doubling, on the other, the amount which they are authorised to issue without gold?—I should answer the question in this way: our actual issues at the present moment amount in round figures to £6,000,000; we hold gold to the extent of £4,000,000; the condition which you suppose implies that we must immediately draw upon the Bank of England for the difference between the gold which we hold and the gold which we should require to hold, namely, £2,000,000, and probably that would be increased in actual working, so that the immediate result to the Bank of England, in the first place, would be that its reserve would be diminished to the extent of £2,000,000; to the banks in Scotland that their banking resources

would be diminished to a similar extent ; and to the public that they would be deprived of the use of the £2,000,000, which they have for trading purposes at present.

1635. That, in your opinion, would be the result of abolishing the authorised issues ; what, on the other hand, would be the effect of doubling the authorised issue ?—I think that it would increase the profits of the banks.

1636. Would there be more gold or less gold in the country ?—I am not prepared to say that there would be less, because, as I have already stated, I think it is fortunate for Scotland that we have such an amount of gold as £4,000,000 lying to meet any possible contingencies. No doubt it lies locked up in a vault, and is untouched from the beginning to the end of the year ; but notwithstanding that I am not prepared to say that it would be wise to interfere in any shape or form with the existing regulations which have led gradually to the accumulation of a store of coin increased from about £400,000 in 1844 to £4,000,000 now. That has been effected with no pressure upon the Bank of England, because the increase has been very gradual, and I think it is for the advantage of Scotland and for the stability of the Scotch banks that it should be so. The only alteration that I would suggest would be the avoidance of what must be felt in the London money market, viz., the half-yearly withdrawals of gold by the Scotch banks to meet the legal requirements of the Act of 1845. As an instance of that, last Saturday the bank with which I am connected took down £100,000 in gold which will lie in the bank for a month, and will be returned in a month hence. That is simply to meet the legal requirements of the Act ; it does not in any way strengthen our position, nor does it add to the public confidence. We do not complain of it, and we should not have come to Parliament to ask for that question to be reconsidered, but if it is to be reconsidered we think it a fair point to submit.

1639. (To Mr. Gairdner.) Would there be any possible inconvenience in treating the whole issue of the 11 banks of Scotland as one issue ?—It would tell differently against different banks. In the case of the Royal Bank of Scotland, they have a very small authorised circulation, and therefore they require to keep a larger proportion of gold to the issue. In the case of the Union Bank we have a very large authorised issue, which has been acquired to a large extent through the buying up of various banks, and for which we paid a substantial price. Mr. Fleming's principle is very well ; but we should certainly regard it as a grievance if we were put to a disadvantage after having acquired this right which we have exercised until now. We have £454,000 of authorised circulation, while our actual circulation averages, I think, about £700,000 or £750,000.

Mr. Goschen.

1686. (To Mr. Fleming.) Do you consider that the enactment of the

law that gold is to be held against the excess of the authorised issue does not really contribute much to the safety of the note-holders?—No, I really do not think that it does contribute legally to the safety of the note-holder, nor do I think that it was intended so to do. I have looked, in consequence of some remarks which have been made to-day, at Sir Robert Peel's speech on the 25th April, 1845, when he introduced the Bill of 1845, and I find that he says this: "As I said before, if the issues for the month are within the limited amount, there will be no necessity for anything beyond that necessity which will still exist for the banks being able to pay their notes in specie on demand. There is to be no restraint upon them beyond their present liability to pay in specie; we do not interfere with that obligation; we leave to their own sense of what is for their own security to do that which they think ought to be done; and, provided they keep within the average of the thirteen months, we trust to their own discretion to do that which is calculated to secure the confidence of those who deal with them. I apply the same rule to Ireland. The average amount of the issues of each bank, and in this I include the Bank of Ireland, is to be that to which they are entitled by the average from their past circulation. They are to continue within that amount of circulation, and if there be an excess then that excess shall be issued in specie. We are willing to trust to the honour of the bankers, both in Scotland and in Ireland, as to their retaining in their custody a sufficient amount of assets to meet their circulation. We do not propose that there should be any certain amount of deposit as a security. As it is necessary, however, that we should have some security against fallacious returns, we propose that there should be a return made to the Government," and so on, showing, I think, that the intention was very far from the mind of Sir Robert Peel to make the issues, either in Scotland or in Ireland, a thing based upon gold, or, as Mr. Hussey Vivian put it, represented by gold. Represented in one sense unquestionably it is, but not in the legal sense of hypothecation.

1689. Was not the opinion to a certain extent prevalent, and was it not, in fact, the cause of the failure of the Western Bank, that it had rather gone beyond the general Scotch business, and had established agencies abroad, and had done business which the Scotch banks had generally not done up to that time. I do not say whether it was a just or unjust impression, but was it not the current impression?—The current impression in the banking world was that from its infancy the Western Bank was conducted upon false principles. Its drafts on its London correspondents were refused, I think, within the first year of its existence. The other Scotch banks came to its rescue then, and advanced money upon the condition that it should establish a reserve in London according to the established practice, and they lent it money for the purpose of purchasing Consols. That arrangement was very speedily departed from. After it had existed about six or seven years, in the year 1838 it applied to the Government for a charter of incor-

poration. The other Scotch banks opposed that application on the ground that the Western Bank was disregarding the sound principles upon which Scotch banks had been hitherto conducted. Its failure was partly the result of its going to New York to conduct business, and partly of its lending large amounts to a number of concerns at home which were utterly unworthy of credit.

1690. You were asked a question with regard to the objects of the Scotch banks in coming to London. There are two objects, are there not, that might be in view in the Scotch banks coming to London; the one to save the expense and inconvenience of having to employ other people in London to manage their Scotch business, and the other to take part in the general banking business of London?—I do not put it so. First of all, I frankly admit that were the question of economy the sole question, it would never have induced the Royal Bank to think of coming to London, because I do not believe it is a matter of economy. In other words, I think a London establishment is necessarily attended with greater expense than the conduct of the business through other London bankers; but what led the Royal Bank chiefly to desire to come to London was this, that the establishment of the branches of two other Scotch banks had introduced a new element into the competition amongst the Scotch banks, that their establishment had pointed out to mercantile men in Scotland customers of all the banks in Scotland, the facilities which a London banking account gave to them. The practice of accepting mercantile bills payable in London has extended very greatly within the last twenty or thirty years, and a merchant in Glasgow carrying on a large foreign business can conduct his financial banking operations quite as well through a London banking account as he can through a Scotch bank. The result of that was that a temptation was held out to our Scotch customers to open banking accounts in London. Our great object, therefore, is to preserve our Scotch business, and by means of this London office to give to our Scotch customers the facility which they would get elsewhere, and to maintain our connection with them. I do not mean to say that if business of a class which we thought ourselves quite capable of conducting, and which we regarded as safe business, arose, it would be rejected; quite the reverse, but so far as our establishment in London is concerned, it is in its infancy.

1691. Can the Scotch banks use practically the whole of the money which they collect through the system of deposits in Scotland itself?—No, at least we cannot.

1692. While Scotland, therefore, becomes as it were a lender through the system of deposits, England becomes a borrower from Scotland to a certain extent, does it not?—It does, and has done for very many years.

1693. And those borrowings you propose to arrange for yourselves rather than to arrange them through the London banks?—Yes. The surplus cash after providing for our reserves, in our case at all events,

was always invested in the purchase of bankers bills from the bill-brokers of London; that was often negotiated by telegram between myself in Edinburgh and the bill-brokers in London, but we found that very inconvenient.

1694. To what extent will the Scotch banks coming to London bring large amounts of additional capital to London?—I do not think to any extent, because it has always come to London.

1695. Then if people think that the arrival of the Scotch banks is going to lower the rate of interest in the money market generally by introducing fresh Scotch capital, that would be a mistake?—I should think it would.

1696. And the London bankers need not be apprehensive of any competition in your opinion, in consequence of Scotch capital being put into the London market?—I think that it would be a great mistake for the London bankers to think that the competition will be at all increased, for as I say, the surplus capital of the Scotch banks has always been sent to London.

1697. On the other hand, it would be a mistake on the part of the London borrowing public to think that great additional advantages were going to be brought to them?—That depends entirely upon the class of people with whom we are brought into contact. It is obvious that if you have half a million of surplus money from Scotland which you intend to invest, you may find half a dozen ways of doing it.

1698. There would be no more money brought to London?—There would be no money derived from Scotland.

1699. And that would be the point; that you would not carry any additional money with you from Scotland to London?—Not unless the deposits from Scotland continue to increase as they have been doing.

1700. Would you adopt in London the English system of banking, or the Scotch system of banking?—The English system of banking.

1702. You would not be able of course to introduce in London that system of arrangement even among the Scotch banks themselves that you have in Scotland?—That was one of the confusing elements that compelled the Royal Bank to press upon the Government the necessity of extending its powers so as to permit it to come to London, because the moment any bank has a London office, it necessarily is outside of any arrangement binding in Scotland, and with two banks so placed, the Royal Bank felt at a disadvantage. The Scotch arrangement is inapplicable in London.

1703. So that your arrangement by which you are all linked together in Scotland made it practically necessary that if some of you come to London, you must all come to London?—I am afraid it must come to that; I confess that I came to London with not a little hesitation and regret, for I think it adds very seriously to the responsibility of bank management.

1704. Will you state your opinion to the Committee fully upon that

point as to why you have regret having come to London?—Simply because I think it is one thing to manage a bank in Scotland, but it is a much more serious thing to manage a branch which is more extensive, or which may become more extensive, in London; and therefore on personal grounds I felt that I was adding to my own responsibility.

1705. Is that view shared by the other bank managers?—I am not aware; I do not know that I have had any conversation upon that subject with any other bank managers.

1706. I have heard that there is a great difference of opinion in Scotch banking circles as to the wisdom and propriety of coming to London; may I take it that I heard correctly?—Yes, that I think is quite correct; certainly two of the banks have expressed their opinion that it was unwise, but at the same time they have intimated their opinion that they have not the power to come to London.

1707. Do you think that the unwisdom consisted in the Scotch banks committing themselves to new business in London in which they were less thoroughly versed than in their own, and which might bring new liabilities and dangers?—That question I cannot answer, because the conversation never turned upon it; but if I know anything about my own opinions I shall take good care not to commit myself to a new description of business unless I thoroughly understand it; at the same time we are not called upon to undertake nor to commit ourselves to a new description of business.

1711. Do you think that the Scotch and general public would not consider that there were any greater liabilities undertaken by the banks by coming to London?—No; because I am not aware that the Royal Bank have undertaken any greater liabilities in coming to London than existed before.

1712. And that whilst there was a difference of opinion among bank managers as to Scotch banks coming to London, the public would view it with considerable disfavour?—I think the public have not concerned themselves in the least about it. The only part of the community who have thought about it have been the mercantile community, and they have expressed themselves very decidedly favourable to it.

1713. Those are the class, are they not, whose business you would undertake to do in London, instead of its being done by a third hand?—Not instead of its being done by a third hand. A Scotch bank cannot give its Scotch customer the facility of a banking account in London, except by introducing him, and handing him over to a London banker. The Royal Bank can give to its Scotch customer through its London office all the facilities which the London and Westminster Bank could give; but if the Royal Bank were not in London it could only introduce its Scotch customer to a London bank, and so it would lose the whole advantage of his account.

MONDAY, 31ST MAY, 1875.

Mr. RICHARD BLANEY WADE and Mr. EDWARD ATKINSON called in ;
and Examined by the CHAIRMAN.

1717. (To Mr. *Wade*.) You are a director of the National Provincial Bank of England, are you not?—Yes.

1718. (To Mr. *Atkinson*.) And you are the general manager of the National Provincial Bank of England?—I am joint general manager with Mr. William Holt.

1719. (To Mr. *Wade*.) You have taken an active part in the discussion of the question relating to the Scotch banks carrying on business in England, have you not?—We have, in common with our friends, both in London and in the country.

1720. And you contend that the spirit, if not the letter, of the Banking Acts of 1844 and 1845, shows that when they were framed, it was meant that banks of issue should confine their banking operations to the countries in which they enjoyed such privileges of issue?—We think so.

1721. Can you say anything in support of that opinion?—Merely this: that from reading the debates that took place in Parliament during those years 1844 and 1845, we think that the whole meaning of that legislation was, that certain banks should have great privileges, and we believe that they were to confine their operations to those countries in which they enjoyed those privileges; and we are fortified in that opinion by the great doubt that is expressed as to the state of the law upon this question of the Scotch banks coming to London, which seems to us to show that at any rate the spirit of these Acts was against the course which they have pursued.

1724. To what privileges do you refer?—I would refer especially to their powers of unlimited issue and also to their powers of issuing £1 notes; and again I think that the state of the law gives them a certain permanence in their system which is a much greater advantage than is enjoyed by English banks of issue. Again, I should say that their privileges have caused them to enjoy an immense monopoly, and, in fact, a complete monopoly of banking in Scotland, and that it would be impossible for any English bank to go there to compete with them. Then, again, as regards their excess of authorised issue for which they hold gold, I think that that is a great privilege, for that gold is liable to the whole of their liabilities, and not simply to the excess of issue beyond their authorised amount. Lastly, I should urge that it is unfair that banks which have such great privileges from the State should be allowed to compete with English banks which have not the same privileges.

1726. Suppose that you would also take into account the fact that the Scotch banks may amalgamate without losing their issues, which is not the case with English banks?—Yes.

1727. In what respect do you say that they have a monopoly?—I

think that the result proves the monopoly, inasmuch as there are fewer banks in Scotland than there were, and as I believe since the year 1845 no new bank at all has started. I think that that practically establishes the fact that they have a monopoly in Scotland.

1728. But do you not distinguish between a monopoly resulting from legal privileges and a monopoly resulting either from natural causes or from the excellence of the management of those banks which are in possession of the field?—My contention would be that the Parliamentary privileges which they enjoy really do give them that monopoly.

1729. How do you make that out?—Supposing for one moment that my bank established branches in Scotland, we should have to use the notes of some of our competitors. That alone, I think, would prevent any bank having a chance of succeeding; we should be really advertising the other bank which was in immediate and hot competition with us. I do not think that that state of things exists here in the case of a Scotch bank coming and using Bank of England notes. The Bank of England, I think, is in an entirely different position in this country from the banks in Scotland; no bank in England feels that hot competition from the Bank of England that we should feel from the existing Scotch banks if we went to Scotland.

1730. When you say that the Scotch banks have an advantage in respect of the gold which they hold against their authorised issue, being held against all their liabilities, will you explain the precise way in which they have an advantage in that respect over the English banker, who issues only his authorised issue, and has no issue against gold?—The Scotch banks, I apprehend, are on an equality with the English banks as regards their authorised issues, but the Scotch banks have the great advantage of an unlimited issue. The gold which they are obliged to hold at certain seasons against that unlimited issue, is liable to the whole liabilities of the bank, as I apprehend; and that gold, as I understand, has been proved before the Committee, they would be obliged to hold in any case at all.

1731. Would not a banker, who was an issuing banker, hold more gold in consequence of his having a large number of notes out, than he would hold if he had no notes out?—Probably, to some extent, he might.

1732. Then, although the gold that he would hold would be held against both his notes and his deposits, he would be really obliged to hold more gold on account of having a circulation, would he not?—It might be so.

1733. Supposing that the Scotch banks were not allowed to issue anything except their authorised circulation, would they not find it impossible to do with less gold in order to hold against their deposits and other liabilities?—I have no doubt that they would economise their gold as much as possible.

1734. Putting the matter conversely; supposing that a power was given to an English provincial bank of issue to issue notes against gold, in addition to the authorised issue, would not that banker, all

things else remaining the same, be obliged to hold a larger stock of gold than he now does?—To a certain extent, of course he would.

1735. Then you hold that Scotch banks enjoying these privileges in their own country, ought not to be allowed to come into England and compete with English banks unless they surrendered those privileges, or unless corresponding privileges were given to English banks?—We think so.

1736. Would the latter alternative be as fair as the former, viz., that the privileges should be given to English banks?—No doubt it would put us on an equality, but I could not off-hand say which alternative I should prefer.

1737. Do you think that you could raise any complaint at all if a similar law were enacted for England as is enacted for Scotland?—No, I do not think that we could.

1752. Do you suppose that if the Scotch banks were to establish branches in England, it would lead to the growth of a circulation of £1 notes in any part of the country?—We think that it must follow, as a matter of course, that wherever there were Scotch branches the Scotch £1 notes would circulate; and we believe that already it is the case in Cumberland, and that the number of £1 notes circulating in that part of the kingdom has increased.

1753. But the circulation of £1 notes in any part of England is prohibited by law, is it not?—Yes; and so is carrying light gold.

1762. Are there any other points in connection with the Scotch system upon which you wish to make any remark?—I think that I have stated them all. Perhaps I have not insisted sufficiently upon the great advantage of the unlimited issue. That privilege enables the Scotch banks to work up the whole of their authorised issue without any fear at all of transgressing the law; and I think that that is a great advantage; and also their being able to keep their tills filled with unissued paper is, of course, an immense advantage in carrying on their business. It costs them nothing till the note comes back, or until the time comes for their being obliged to hold gold against the notes that are out.

1763. What do you mean by saying that it enables them to work up their authorised issue to the full limit?—I mean this: that they are never in dread of breaking the law; they can issue every fraction of their authorised issue without thinking of the law. In our case we had always to watch, and to take care that we did not transgress the law. If our branches were issuing too much of our own paper, we were obliged immediately to send down Bank of England paper to reduce the issues in order that we might not transgress the law.

1764. But why should the Scotch be freer from that than you were?—Because they can issue any amount; there is no limit to their issue.

1765. Provided that they have gold?—They must have gold. I assume that they have gold to carry on their business, and it is impossible that they should not have it. I cannot insist too strongly upon

the great utility to banks of issue, situated as they are, of having this unissued paper in their tills to meet any call that may come upon them.

1766. Then you would contend that in consequence of the gold being held against all their liabilities, they must necessarily keep a stock of gold considerably in excess of the mere circulation, and that there being that excess they could always increase their circulation within that margin without breaking the law?—That would be my view of it.

Sir John Lubbock.

1768. (To *Mr. Atkinson.*) How much loss of time is involved in sending a cheque through the country clearing-house?—I think it takes three days.

1769. If it does not go through the country clearing it would take two days, would it not?—Yes.

1770. Therefore, the loss is one day?—Yes.

1771. Supposing that an Edinburgh bank receives on the Monday a cheque drawn upon a Birmingham bank, if it sends it through the country clearing it would reach London on the Tuesday, would it not?—Yes.

1772. It would go down to Birmingham on the Tuesday, and be paid on the Wednesday, would it not?—Yes.

1773. If on the other hand it went direct, it would be paid on the Tuesday?—Yes.

1774. Therefore the loss is not, as *Mr. Gairdner* supposed, several days, but one day?—One day, I should consider.

1775. And in sending a cheque in that way through the country clearing, the Scotch banks obtain the amount free from any charge, do they not?—Yes.

1776. Is there any charge whatever made by any English banker upon cheques received through the country clearing?—Not to my knowledge.

1777. On the other hand English bankers have no such convenient mode of collecting cheques drawn upon the Scotch banks, have they?—No; we are obliged to employ our agents, and to pay them a commission.

1778. As to the legality of the country clearing, that has been tried before the courts, has it not?—I believe that has been quite settled.

1779. (To *Mr. Wade.*) In answer to several questions *Mr. Gairdner* and other Scotch witnesses expressed a strong opinion that the Scotch banks were more liberal to the public than the English banks are; do you admit that to be the case?—No, we cannot see it at all.

1794. (To *Mr. Atkinson.*) Another point on which the Scotch banks claim to be more liberal, is that they allow an interest of, I think, 1 per cent. on current accounts, and that the English banks do not generally allow interest upon current accounts; I think that the custom in England usually is that a certain sum is placed upon deposit, is it not?—It is so in London.

1795. Supposing that a man has a balance of £1,000, on which he gets one per cent. interest, he gets £10 a year for his balance, does he not?—Yes.

1799. Of course, he might equally do that in Scotland; but it is clear that a mere statement that interest is allowed on current accounts does not necessarily show that a customer in Scotland is treated more liberally than in England?—No; and customers are generally very much alive to their own interests, and look after their deposit moneys very closely, and do not allow their banker to have more than he is well entitled to.

1807. Mr. Gairdner was asked this question, at No. 1335: “I believe the London joint-stock banks make a charge for keeping an account, whereas the Scotch banks make no such charge?” to which he replied, “I am not aware that the London joint-stock banks do make a charge, the private bankers in London do, I believe;” I think you are prepared to say that the system is the same in both cases?—The system is the same in both classes of business. We do not make any charge for a good account. On some small accounts, if they do not keep a fair creditor balance, we make a small charge, but these cases are very few.

Mr. Anderson.

1810. (To Mr. Wade.) Do you consider that the interests of non-issuing and of issuing banks in England are the same on this question?—I think so, in different degrees; I think that it is a greater hardship against the non-issuing banks than it is against the issuing banks; but I think that there is still a hardship against the issuing banks, the privileges of Scotch issuing banks being greater than the privileges of the English issuing banks.

1811. You mean that the English non-issuing banks suffer most by that rivalry, do you?—Yes.

1812. And you think that either the Scotch banks, if they desire to do business in England, ought to give up their power of issue, or that the English banks ought to have the same privileges extended to them?—I do.

1813. Which of those two alternatives do you prefer?—I stated a short time ago that I was not prepared to state which alternative I should prefer without a good deal of consideration.

1814. You have not already given that subject any consideration?—No. If the two were offered to me, of course then I should be able to select one of them, but I should have to think over it.

1815. Did you not consider it before you gave up your own issue?—No. We had nothing offered to us when we gave up our own issue. There was no alternative; it was either giving it up or not opening the business in London.

1816. You gave it up for the purpose of coming to London?—We gave it up for the purpose of coming to London.

1817. And you think that the Scotch banks ought to give up their issues if they come to London also?—We think so ; we think that if they come to England at all they ought to give them up.

1818. You have heard the story of the fox that had lost his tail, I suppose?—We do not look at it quite in that light.

1819. You say that one of the disadvantages is, that an English bank could not go into Scotland and do business, without using Scotch notes?—Yes, that is so.

1820. And you said that that would be a benefit to one of its rivals?—I should think so.

1821. Will you explain how?—We should be advertising the name of the bank, to begin with. If we went to Scotland, we should have to go to one of the existing Scotch banks for notes to carry on our own business with, and, of course, the more we circulated their notes the more we should be advertising that particular bank ; and I think the customers would naturally think that they had better deal with that bank itself rather than come to us to get their notes.

1822. Would the advertising of that bank make it better known in Scotland?—I should think the more the notes of a bank are circulated, the more the bank is known, and the larger its business appears, and the greater prestige it obtains.

1851. (To Mr. Atkinson.) Is there any agreed on scale of charges amongst the English banks?—There is none, I think.

1852. Then you could not give any complete scale of charges, such as the Scotch banks have put in?—No, we could not.

1853. It would not be authentic, in fact ; it might apply to one bank but not to another?—We only deal with our own affairs.

1854. Have you any reason to suppose that your charges are very similar to others?—We believe from the increase of our business that it must be so.

1855. Would you have any objection to put in your own scale?—I should think not, if it was done by all banks throughout the kingdom. It would be impossible to do it in many cases in consequence of the very minute calculations.

1856. You do not allow any interest on current accounts, do you?—Not in London.

1857. But in the country, do you do so?—In some places the usage is to allow interest on current accounts.

1858. In your bank?—Yes, according to the practice of our neighbours.

1859. At some of the branches you do allow interest, and at some you do not?—Yes.

1860. Then you have not a uniform rule even with yourselves?—No, we have not.

1861. Then a scale of your charges would be of no value at all?—No, we could not give it to you.

1864. In the country at some of your branches you allow interest

upon current accounts, and charge a commission for keeping those accounts?—Yes.

1865. Is that commission in the form of a lump sum?—It is a quarter or one-eighth, or whatever it may be on the aggregate transactions. I am speaking of creditor accounts.

1866. Does not that act as a great check upon transactions?—No, I should not think so.

Mr. Orr-Ewing.

1888. (To Mr. Wade.) You think that it would be no advantage to the English public for the Scotch banks to come here to do business, and therefore you object to their coming?—I object to their coming, because I believe that they have certain privileges which the English banks have not, and I think it would be inequitable that they should come and compete with us unless we have equal privileges.

1893. Did you not threaten opposition to that Bill in Parliament unless the Royal Bank made certain concessions?—I did, speaking on behalf of the provincial banks of England.

1894. You not only appeared for your own bank, but for the country banks of England?—Yes.

1895. What concessions did you wish?—We wished them to give up that portion of their Bill which would have enabled them to open branches in the provinces of England.

1896. And to confine their operations to London?—Yes.

1911. You stated, did you not, that no provision was made for filling up lapsed issues in Scotland?—Yes.

1912. Are you prepared to adhere to that on re-consideration?—I meant that there was no institution like the Bank of England that could at once fill the gap that would occur. Supposing that all the banks in Scotland gave up their issues to-night there would be no bank paper to be circulated to-morrow legally, but in England there would be; that is my meaning.

1913. But I understood that you were speaking of one bank which, under circumstances, gave up its issue, and suggested that there was no way of filling it up?—That was not my meaning.

1914. You mean to say that if all the Scotch banks thought proper to give up their issues (which is not very likely) there is nothing in the law to provide for other issue?—Yes, that is what I meant, and that there is in England.

1915. That is a defect in the law, is it not, and not in the Scotch banks?—I say that there is such a provision in England, but not in Scotland.

1917. What rate of interest did you allow the public on their deposit receipts, say for 1874?—In London we always give 1 per cent. under bank rate, in the country our rates vary according to the district in which the branch is situated. At the present moment, I suppose if I said that the rates were $2\frac{1}{2}$ and 3 per cent., it would practically cover the mass of our deposits.

1918. Do you give a higher rate for your deposits in the provinces than you do in London?—As a rule we do.

1919. On current accounts you allow nothing, I think?—Only in certain cases. Mr. Atkinson has stated, that in certain districts it is the custom to allow something. We have to deal with all these matters according to the custom of the part of the country in which the branch is situated. It varies in every part of England, and we have of course to accommodate ourselves to the wishes of the public wherever we may find ourselves.

1920. You have no uniform rate?—We have no uniform rate.

1921. How are the rates regulated; are they regulated from the central office, or do you allow your agents in various parts of England to fix what shall be the rates upon deposits?—They are regulated from the central office.

1922. Therefore you must have a perfect knowledge of every district where a bank is, so as to state which should be the highest and which should be the lowest?—Yes.

1930. Have you any objection to put in a paper giving such information as we have from the Scotch banks as to the amount of your deposits for 1874, the amount of interest which you paid to depositors, the amount of discount that you have charged, and other information similar to that which we have upon these subjects from the Scotch banks?—We have no objection to give any information that is in our power, but we hardly see how it is possible to make such a return as the honourable member asks for so accurate that it would really be of value; the rates of interest, I apprehend, it would be quite impossible to give.

1931. How does it arise that we had no difficulty in getting this information from Scotland, and that we have such difficulty in getting any information as to English banking?—My answer would be, that it is because of the great monopoly which exists in Scotland, where there are only a few gentlemen to meet and settle the banking arrangements for the whole country. In England we have a fierce competition in banking, and such is the amount of competition that the banks do not act together as to their charges to all; there is no understanding. If half a dozen of us could meet in a room and settle the charges for all England, then we could give the honourable member the return for which he asks, but I should be sorry to promise that as to which I really do not see how it could be fulfilled.

Mr. Ba'four.

1950. Your theory is that the Scotch banks are able, by what you call a subsidy, to compete upon unfair terms with the English banks?—That is my contention.

1961. (To Mr. Atkinson.) If you lend to the same class as the Scotch banks do, would not your terms be as high as theirs?—On that particular class of business I imagine that they would be so.

1962. So that if it be true that the Scotch banks charge a higher

rate of interest, it is simply because they are in the habit of lending upon less good security?—I took every class of business into account in making that statement, first-class business as well as the inferior class of business.

1963. My question was whether, if you lent to the same class of people as the Scotch banks do, it would not turn out that you would have to lend at the same rate as they do, supposing their rate to be higher than yours?—I should imagine that our rate would be as high as theirs, and possibly higher, inasmuch as they have the advantage of note circulation. (*Mr. Wade.*) We should contend emphatically in answer to part of the honourable member's question, that we do deal largely with the class you speak of, the small farmers, and the small shopkeepers, and, in fact, all classes of the community. We are under the firm persuasion that our bank has fostered the trade of the country in regard to what we may call the smaller class of the community to a very great extent indeed.

1964. You have not that system of lending on cash credit which is found so convenient in Scotland, have you?—Yes.

1965. The honourable member for Maidstone rather implied that when the Scotch banks asserted that they were more liberal to the people who dealt with them, because they gave interest on current accounts, that plea was of no value, because, as a matter of fact, in England people were much more in the habit of putting money on deposit account than they were in Scotland; but I suppose you would allow that liberality to people who deal with you means offering conveniences, and, therefore, of course the conveniences are greater in Scotland, as shown by the fact that people are ready to accept smaller interest on current account rather than a larger interest upon deposit account?—My answer would be that we try to accommodate our customers in every possible way, in putting a portion of their balance on deposit, or treating their account in any way, so long as the bank receives a fair remuneration for the trouble it is at in conducting the account.

1966. The thing I cannot quite understand in your point of view is, how the privileges of the Scotch banks do actually enable them to compete with you supposing that they offer the same terms?—My contention would be narrowed to this: that I object, as a matter of principle, to a fresh class of banks, with what I conceive to be a government subsidy at their back in their own country, coming to compete with us; how they might conduct that business of course it is impossible for me to say; I should rather limit my contention to the fact that they are highly subsidised, and that we, the English bankers, were under the impression that we should never have them to compete with, and suddenly we find that we are in competition with them, and therefore we object to their coming to England with the subsidy at their back which we think they possess.

1967. Supposing that in a provincial town there was an opposition started of a new joint-stock bank, or of a Scotch bank, have you any

reason to believe that the rivalry of the one would be more dangerous than the rivalry of the other?—We think so; we are exposed to competition with old banks and new banks, banks of issue, private banks, limited banks, and banks of all sorts, in almost every town in which we are, and we have not the slightest objection to that.

1968. Then surely you would be able to show categorically how it came about that you were more afraid of the Scotch rivalry in this particular case than I have supposed than of the English?—I am afraid that I can only repeat that we object to facing a competition with a highly subsidised bank, which we were under the impression that we should never be called upon to meet.

Mr. William Shaw.

1970. You speak of the spirit of the Acts of 1844 and 1845, as being against the Scotch banks coming out of Scotland?—I do.

1971. I suppose that that implies that you think there is nothing in the letter of those Acts very positive upon the subject?—From all the information which we can get, the letter seems very doubtful.

1972. Do you not think that if Parliament intended to limit these banks to their different countries, something more positive would have been put at the time into some of those Acts?—My view is, that it was a simple omission; that it was never contemplated, and that it never entered into Sir Robert Peel's mind at the time that such would be the case.

1973. You believe that he did not think that it was possible?—That is my belief.

Mr. Leveson Gower.

2000. I understood you to say that the establishment in England of branches of banks having issues in Scotland, would necessarily be followed by the circulation of Scotch notes in England?—We think it highly probable

2015. I wish to know whether your objection to Scotch banks establishing branches in England is due to the monopoly that was established in 1844?—It is due to the greater privileges which I have endeavoured to set forth, which I think they possess over the English banks. That is my sole contention.

2016. Is it due to the monopoly that they enjoy?—I think the monopoly no doubt strengthens their position very much.

2017. Supposing that the free system of banking, which existed before 1844 in Scotland, were now in existence, would you object to their establishing branches in England?—Yes, if in those days they had greater privileges than the English banks, I should still object.

2018. Then it is not solely on the ground of their having a monopoly that you object to their having branches in England?—On both grounds; I think that the monopoly strengthens their privileges; they are able to act as one bank, and competition is impossible, according to my view, from any new source.

2019. Then I may take it that it is because you think that the Scotch banks have a subsidy from the government that you object to their coming in competition with yourselves?—That is so.

Mr. Kavanagh.

2022. I want to know what is the meaning of the Scotch banks being subsidised by the government?—Having privileges of note issue, which they derive from parliament; I look upon that as equal to a subsidy, and that their subsidy in that way is greater than is enjoyed by any English bank.

2023. You said that you objected to Scotch banks coming to England on the ground of equity, if I understood aright, as being subsidised by parliament; and you explain that subsidy to mean the right of issue?—Yes.

2024. But if they come to England they would not bring their issues with them?—But they would have the profits which they derive from their issues in Scotland as part of their whole profit, and, of course, it might enable them to compete with us upon very unfair terms.

2028. I think Mr. Gairdner, in his evidence, in contrasting English with Scotch profits, stated that English profits were 17*s.* 5*d.* per cent. higher than Scotch profits, and that that amount calculated upon English deposits, would show a sum of £1,125,000 per annum, which he contended, if the Scotch system were adopted in England, might be given for the benefit of the public; can you follow that contention?—Our profits do not show that result; I will read you, if you please, what our profits were last year; taking capital reserve and deposits together, our net profits amounted to £1. 6*s.* 8*d.* upon the whole; but if we take it as the gentlemen representing the Scotch banks took it, deducting 4 per cent. upon our capital and reserve, the net profit on the deposits amounted to £1. 1*s.* 5*d.*, which I think is not far off the result of some of the Scotch banks.

Mr. Backhouse.

2033. I suppose that you would not in the least object to Scotch competition, or Irish competition, or any other competition in England, if the banking laws of the three countries were the same?—Not in the least.

2034. Your objection to Scotch banks coming to England rests upon the fact that they have extensive and superior privileges to any English banks, does it not?—Entirely.

2037. Their issue enables them, does it not, to establish their branches at much less expense than you without an issue can establish branches in England, because of the necessity of keeping till money?—Undoubtedly.

2046. (To Mr. Atkinson.) When you were an issuing bank, you

could never issue to the limit of your authorised amount, I presume?—We were bound by law not to exceed the authorised limit.

2047. In order to keep within the law, you virtually had to keep your issue within about 10 per cent. of your authorised limit, I suppose?—It would be about that.

2048. The Scotch banks, on the contrary, owing to the power of issuing on gold, can at all times issue to the full extent of their authorised limit, can they not?—Undoubtedly.

2051. (To Mr. *Wade*.) On the same test as the Scotch banks have adopted, your net profits are £1. 1s. 5d. per cent. upon the deposits against their £1. 1s. 11d., are they not?—That is so.

2057. (To Mr. *Atkinson*.) I am now speaking of the country practice, because the London practice is different. When a full charge of commission is made on a current credit account, is it not usual to allow rather a higher rate of interest upon that account than you would according to the deposit rate of interest upon that account?—I think that, according to our practice, it would be slightly under the deposit rate.

2070. (To Mr. *Wade*.) On the whole, then, you believe that the English system of banking is no more expensive to the public than the Scotch system, and that both are conducted with regard to competition on a very fair scale of advantage to the public?—I think so.

2071. And that every facility is given by the English banks to the public?—I believe so.

Mr. Hussey Vivian.

2084. In regard to what you have called the subsidy of the Scotch banks, that can be measured, can it not, by the actual profit which has been estimated to arise from the legislative enactments in favour of Scotch banks?—Yes.

2085. In Question 1075 it was estimated at £159,448 per annum, that, on a capital of £9,600,000 would be rather more than $1\frac{1}{2}$ per cent., would it?—I should think it would be about that.

2086. So that the Scotch banks coming into competition with a bank not enjoying those legislative privileges, would have a benefit of $1\frac{1}{2}$ per cent. to start with?—According to that calculation it would.

2087. So that the competition would be to that extent an unfair one?—We think so. We believe that the profits on the circulation would be considerably higher than £159,000 a year.

2088. But that was estimated as the actual figure in money at least; it is a question whether more ought not to be added to that; but there can be no doubt that that is the minimum?—We should look upon that as the minimum.

2091. Supposing that the English bank in going to Scotland were allowed the same legislative advantages that the Scotch bank is allowed, would it then be possible?—I suppose that it would be if they were started even.

2093. If such legislation were passed would you think that it would be fair for Scotch banks to come to England?—I think that it would be much better to restrain each set of banks to their own country. The Scotch banks are altogether formed of Scotch proprietors and Scotch directors, and an English bank going there with an English directorate, we will say in London, and English shareholders, would hardly have the same influence or the same chance of business as the Scotch bank which is purely Scotch.

Chairman.

2156. Taking the restriction against coming to London on the one side, and setting it against the privilege of issue on the other side, are you able to give the Committee any formula by which we may appraise the relative value of the restriction and of the privilege?—It would vary in every bank according to its business. I do not think we could lay down any formula that would be applicable to all instances.

2157. When you yourselves decided upon giving up your privilege of issue in order to come to London, were you able to put a money value upon the privilege which you were giving up?—We always looked upon our issue as equal to about £1,000,000 of deposits without interest. Our issue amounted to £442,371, and we kept most of that out. It was nearly always out, and with the value that we attached to the notes in our till as a reserve, we ourselves always looked upon it as equal to £1,000,000. That perhaps would have been rating it too high, but we might certainly regard it, speaking in more precise terms, as being worth to us a deposit, without interest, of £600,000 or £700,000.

2171. Then as between the provincial banks of issue and the provincial banks of non-issue, you would say that there was a competition between subsidised and unsubsidised banks?—It is a competition, but it is a competition which we accepted in the year 1844, and we have since enlarged our capital and reserves, and so forth; in point of fact, we accepted the position of things which we believed was established at that time.

2172. Do you think that in that competition the non-issuing banks have been unfairly over weighted, or have they been able to hold their own against the issuing banks?—I think, on the whole, they have held their own very well.

Mr. Backhouse.

2176. Is it not true that the privileges of the English issuing banks are of a very restricted character, and that, therefore, their power under them is very small?—I think they cannot make nearly the same use of their issues as the Scotch banks can, for the reasons which I have already given.

Chairman.

2177. Therefore, their issuing power is not really of any very great

value to them?—No, I do not contend that; it is a question of degree.

2178. Supposing that the right of issue was taken away from all banks, English and Scotch, and taken entirely into the hands of the State, do you think that the English banks would gain in proportion by the change?—I think that the issuing banks would lose a very valuable privilege.

2184. Why?—I think that, first of all, it enables branches to be established in rural districts that never could be established if you had to supply their tills with Bank of England paper, because they can be worked cheaper.

2189. But you find, do you not, that joint-stock banks which have no right of issue are able to go and establish themselves in the country towns?—Yes, the field is so open in England that there is no doubt that it is so.

2190. Is the number of banks increasing in England?—Yes, decidedly so.

2191. And all the new banks are banks without the privilege of issue?—Every bank founded since 1844 has no privilege of issue.

2192. Therefore, without this privilege, the banks are able to carry on a successful competition against the privileged banks?—No doubt, under existing circumstances.

Mr. Hubbard.

2195. Of your branches, how many have been established since 1845?—I should think thirty or forty; but that would be a guess.

Chairman.

2196. The great majority of those branches were established while you were an issuing bank, were they not?—Yes; I should think two-thirds of our present number were established when we were an issuing bank, and one-third since.

2197. And you still find yourselves able to carry on the process of establishing branches, though you have lost your right of issue?—We do.

2198. In doing that, do you find that having your establishment in London is an advantage to you?—A very great advantage.

Sir John Lubbock.

2203. Still, in a small place, a branch which might pay if the bank had the right of issue, might not be remunerative if it had no right of issue?—Clearly.

2204. Therefore the loss of the right of issue might just turn the scale, and make unremunerative that which has been remunerative?—It might.

2205. And therefore the tendency of taking away the right of issue would be to diminish the number of branches?—Yes; I think I ought to add that if we had relinquished our right of issue some twenty

years before we did, it might have been a very different question; but when we were called upon to relinquish our issue, we had grown to be a large bank, and therefore could afford all the accommodation which was required of us.

Chairman.

2206. From your account of the working of the system of holding gold against your issues, it would seem that that really is a delusive security?—I think that it is very much so.

2207. What should you say with regard to another proposal that has been made, viz., that bankers should hold government securities against their issue, and should place them in the hands of the government?—We offered to do that a few years ago, before we gave up our issue. We offered to place consols or some other government stock in the hands of the government, and we also offered to pay a small tax of £1. 5s. for the right of issue. A bill was introduced into parliament with those provisions.

2209. That was Mr. Gladstone's bill of 1865?—It was.

2220. Supposing that in a town there are two banks with the right of issue, and that one of them surrenders it, no doubt the other would have the advantage of having its name upon the notes; but supposing that all notes were swept away, what effect would the loss of the advertisement then have upon the banks?—I think that the issuing bank would lose a certain mode of making its name well known.

Sir John Lubbock.

2233. An opinion has been expressed that England is what is called under banked. There are eleven banks in Scotland; will you state to the Committee how many banks there are in England?—I think that there are about 370 head offices, but I cannot state the number of branches.

2234. The English banks being so numerous, I suppose that they would certainly have a tendency to open branches wherever they thought they would pay?—There is no doubt of that.

2249. The honourable Member for Glasgow asked you what are the privileges which the Scotch banks bring into England; is it not the case that the Scotch banks agree upon all their charges for commission, and that owing to the practical monopoly which the Scotch banks enjoy, an English bank has no option but to pay those charges?—I am told so.

2250. On the other hand, the Scotch banks can, through the country clearing, collect every cheque payable in England free of any charge, can they not?—I believe so.

2251. Then the monopoly enjoyed by the Scotch banks enables them to make a charge against English banks?—That appears to be so.

Mr. Beckett Denison.

2257. You referred, did you not, to a proposition which your

bank made in 1865 to the government, asking to be empowered to issue notes on deposit of securities with the government?—Yes.

2258. That fell through from causes of which we have heard; but did that particular proposition meet with specific objection on the part of the government?—The government brought in a bill which would have enabled us to retain our issues upon giving them security in consols.

Sir *Graham Montgomery.*

2310. Supposing that Parliament sanctioned all note-issuing banks that now issue notes in the three kingdoms coming to London, would your bank ask to have its note issue restored to it, seeing that you have been so successful without it?—Certainly we should, as a question of equity.

THURSDAY, 3rd JUNE, 1875.

Mr. THOMAS FITZGERALD and Mr. JAMES H. BELTON, called in; and Examined by the CHAIRMAN.

2330. (To Mr. *Fitzgerald.*) Will you state what is your connection with the Irish banks?—I am solicitor for the Hibernian Bank in Dublin, and I have been so for the last ten years.

2331. (To Mr. *Belton.*) What position do you hold?—I am the general manager of the Munster Bank.

2333. (To Mr. *Fitzgerald.*) Have you given your attention to the law affecting the Irish banks?—I have, in the first instance, as regarding the Irish banks, and I can state it very shortly; the first Act was passed in 1781: under that Act the Bank of Ireland was established, and section 14 prohibited the establishment of any other joint-stock bank of issue in Ireland. By a joint-stock bank I mean a bank of over six partners; that is the definition I understand that is given to it. The law remained in that state from 1781 to 1821, the prohibition was then relaxed, and it became lawful to establish joint-stock banks of issue at any place in Ireland exceeding the distance of 50 miles from Dublin, provided the members of such banks resided not less than 50 miles from Dublin; that is to say, that every shareholder should reside more than 50 miles from Dublin. In 1825 an Act was passed enabling persons resident in any part of Great Britain or Ireland to become members of such banks of issue.

2334. Did it still remain necessary that the business should be carried on 50 miles from Dublin?—Fifty miles Irish, which is equivalent to about 64 miles British. In 1828 an Act was passed prohibiting the negotiation in England of any bank note under £5 issued in Scotland or Ireland. In 1830 an Act was passed enabling the banks of issue to have agents in Dublin to pay their notes. In 1844 the Bank Charter Act was passed, and section 10 prohibited any bank from issuing notes, except such banks as were issuing notes on the 6th of

May, 1844, so that our non-issuing banks came within the scope of the 10th section. Then, in 1845, was passed what I call the Irish Bank Act, which regulates the issue of notes on the same basis as the Act of 1844, and it authorises all the Irish banks of issue to establish themselves in Dublin; so that at the present moment all the Irish banks of issue may establish themselves in any part of Ireland, and carry on business, and issue their notes and pay them there. That is the whole of the statute law relating to the banks of issue in Ireland.

Mr. William Sharv.

2356. (To *Mr. Belton.*) You are general manager, I believe, of the Munster Bank?—Yes.

2358. What were the circumstances that originated that bank?—The merchants and traders of the south felt that they wanted such an institution generally through the country, and established the Munster Bank to supply the want.

2360. And there was a general feeling, I think, that there was not sufficient banking accommodation for the business of the country?—Yes, there was a general feeling that there were many towns that could support a bank that had not the advantage of one.

2361. Will you mention a few of the towns that we found without banks?—I think that we opened branches in 15 or 16 towns, where there was not a bank at all before that time. We opened in Bantry, in the west of county Cork; in Kilmallock, in the county Limerick; in Caherciveen, in the county Kerry; in Kinsale, in the county Cork; in Fethard, in the county Tipperary; in Cahir, in the county Tipperary; in Kenmore, in the county Kerry; in Dumanaway, in the county Cork; in Ennistymon in the county Clare; in Mountrath, in Queen's County; in Baltinglass, in the county Wicklow; in Newmarket, in the county Cork; in Kilfinane, in the county Limerick; in Castletown, Berehaven, in the extreme west of the county Cork; in Kildysart, in the county Kerry; in Tarbert, in the county Kerry; in Tallow, in the county Waterford; in Naas, in the county Kildare, and in Dunlavin. We opened also in other towns where there were banks before.

2368. What were the distances then between some of those towns and the bank?—Bantry was 30 miles from Skibbereen, which was the nearest bank to it; and Castletown, Berehaven, where the Mining Company were, I think, was some 30 or 40 miles from it, and that Company used to have to send to Skibbereen, over 60 miles, for money to pay their men.

2370. You find great difficulty, of course, in supplying these distant places with money?—Yes, it is both risky and expensive to send notes for their requirements. The ordinary requirements possibly of a small branch are trifling; but there are periodical fairs,

when there is a large sum required, and the transmission of that, of course, is attended with expense and with risk.

2371. Is there any instance that you could give us?—There was an instance within the last month, of a comparatively small town, in which there were only 1,327 inhabitants, and 270 houses, and the requirements for the fair in addition to the ordinary business were £10,000.

2372. You had to send that from Limerick, I suppose?—We had to send that from Limerick.

2373. How was that used generally, was it paid out in notes?—It was paid out in notes to the farmers and country people bringing in their pigs and cattle to be sold; a great deal of it was in cheques of the National and Provincial Banks in Waterford, and the Bank of Ireland.

2384. How many branches have you?—We have 36, and four sub-offices, which are attended once a week.

2385. Do you approve of that, as a general rule?—No. I think that the risk of carrying money backwards and forwards is too great where it becomes known that you travel once a week over certain roads.

Mr. Stephen Cave.

2415. You use the Bank of Ireland paper, I suppose?—Yes.

Mr. William Shaw.

2440. In harvest time, I suppose, the bankers require more gold than at other times?—I think that, except for emigration purposes, for years past there has been very little demand for gold. The people would very much rather have a £1 note than a sovereign, because they are afraid that if a sovereign was light they would have to pay on going to the bank with it. Cattle dealers going to fairs would consider it a great burden to have to carry gold in their pockets; they prefer the notes. Traders now take cheques instead of money, and the banks in the principal towns will authorise the bank in a small place to pay a cheque for so much on such a day.

Mr. Kavanagh.

2445. You complain, I think, of the inequality at which the fact of not having the right of issue places you with the issuing banks; how does that act against you?—If I had an authorised issue as the other banks have, I would merely be at the expense of printing and preparing the notes, and paying the duty to the Government upon them, which I need not pay until they are put into circulation; and I could carry those with me to any place I liked; and I believe the average cost of making them is about 1 per cent.

2446. By that you mean that the right of issue would enable you to open more offices?—Yes, and to do business upon very much less expensive terms.

Mr. Backhouse.

2463. Have you any idea of what the expense of a small branch is to you, without the power of issuing?—I could give you an idea of what the expense of the rent, and taxes, and salaries, and things of that kind would be, but not of the cost of the money that goes there. The establishment charges would vary, I suppose, from £400 to £500 a year, and probably, in some cases where the offices are very small, they might be put down at £300.

Mr. Sampson Lloyd.

2489. We have been told by some of the witnesses who have been examined before the Committee that it is a very great advantage, if not amounting to almost a necessity, for a bank in a distant part of the country to have an office of its own in London, and not to conduct its London business through an agent; have you found that to be necessary?—We have not.

2493. I presume you would discount for a respectable and responsible customer almost any paper of a legitimate kind which he took in the course of his business, whether it was a large bill or a small bill?—Yes.

Mr. William Shaw.

2494. And the Bank of Ireland would do the same I suppose?—Yes.

Mr. Sampson Lloyd.

2495. Therefore, from your answer, I conclude that the Bank of Ireland does enter into competition with the Irish banks in a totally different way, and in a much greater degree than the Bank of England by its habits of business enters into competition with English banks?—So I should infer from what you say, but I was not aware of that before; I have very little knowledge with regard to the Bank of England.

Mr. Backhouse.

2504. (To Mr. FITZGERALD.) What notes do the Hibernian Bank issue?—Bank of Ireland notes entirely.

Mr. Stephen Cave.

2505. (To Mr. BELTON.) Do the banks of issue go into smaller places than the banks of non-issue?—Yes; the National Bank has branches in very small towns.

2506. In places in which banks of non-issue could not live, I suppose?—Not to advantage, I think.

Sir John Lubbock.

2556. Have the Irish banks any general tariff of charges, or does each one of them make such charges as it thinks right and proper under the circumstances, after consultation, of course, with its

customers?—There is a general rate of charges, and when the Bank of England rate is altered the court of directors of the Bank of Ireland fix their rates; and my belief is that they arrange with the national and provincial banks as well, and that there is a uniform rate; I know that in Cork as soon as the agent of the Bank of Ireland gets his circular from Dublin, he sends me a copy of it and I act upon it.

2557. Do the other Irish banks act upon that in the same way?—The other Irish banks act upon it in the same manner; probably there may be a difference in some minor charges, but the general rates are practically identical.

Mr. Mulholland.

2623. And, in fact, banking profits are so small that it is generally customary, under any circumstances, is it not, for banks to agree amongst themselves as to the charges?—Yes.

Mr. Orr Ewing.

2650. You stated, did you not, that there are some towns in Ireland with a population of 5,000 or 6,000 where they have no bank of issue, or no branch of a bank of issue?—That was the case when we were established, but I do not know any town at present of that extent without a bank.

2651. But you said, I think, that the public did not suffer any inconvenience from that fact, because you supplied the deficiency to the public?—Yes.

2652. But you do this at your own expense?—At our own expense.

2653. And you feel that to be a grievance?—Yes.

2654. But I presume that you do not wish to lead the Committee to believe that it was your wish to do away with the issue of notes in Ireland?—Certainly not; quite the reverse.

2655. But rather that you should be admitted to the same privilege which the other Irish banks have?—Quite so.

Mr. Mulholland.

2698. I suppose the reason why you would value a circulation in opening a branch in a small town would not be so much for the circulation that it would lead to, as for the power of keeping a reserve in the shape of unissued notes?—Yes.

Mr. EDWARD JAMES MILLS, called in; and Examined.

Mr. Goschen.

2714. You are a joint manager of the National Bank of Ireland are you not?—Yes.

2718. How many branches has the National Bank?—It has 70 branches in Ireland, and seven branches and a head office in London that would be 84 offices altogether.

2743. Have there been any improvements in banking arrangements in Ireland during the last 20 years which have economised the use of bank notes?—I do not know that there have, excepting that the people generally are becoming more acquainted with banking; and the issue of cheques, of course, takes the place now, to some extent, of notes.

2744. Has there been a notable increase in the use of cheques?—Yes, most decidedly.

2758. What tax is payable on your dépôts?—£30 a year each, that is £120 a year on the four dépôts; or, more correctly speaking, the bank takes out annually four banking licences of £30 each, so that the tax is not strictly on the dépôts.

2759. Is that under a clause in an Act of Parliament?—No; that is by an arrangement which was made at the time with the Commissioners of Inland Revenue.

2760. Then you do not pay on your branches?—No, we pay on the general circulation of the bank 7s. per cent.

2761. But what is this £30 for?—That is for only one of the four dépôts, making £120 a year altogether, or for the licences.

2762. You have 76 branches, but you do not pay on those?—No.

2763. You only pay on the dépôts where you hold coin?—We only pay on the dépôts where we hold coin against the circulation, or, as I said before, four licences.

2764. Under what arrangement is that?—Under the Act of 1845.

2765. Will you state the effect of that clause?—It is 8 and 9 Vict. c. 37, s. 16, and the section is as follows: "And be it enacted, that every banker who after the 6th day of December, 1845, shall issue bank notes in Ireland shall, on some one day in every week after the 13th day of December 1845 (such day to be fixed by the Commissioners of Stamps and Taxes), transmit to the said Commissioners a just and true account of the amount of bank notes of such banker in circulation at the close of the business on the next preceding Saturday, distinguishing the notes of £5 and upwards, and the notes below £5, and also an account of the total amount of gold and silver coin held by such banker at each of the head offices or principal places of issue in Ireland of such banker at the close of business on each day of the week ending on that Saturday; and also an account of the total amount of gold and silver coin in Ireland held by such banker at the close of business on that day; and on completing the first period of four weeks, and so on completing each successive period of four weeks, every such banker shall annex to such account the average amount of bank notes of such banker in circulation during the said four weeks, distinguishing the bank notes of £5 and upwards, and the notes below £5, and the average amount of gold and silver coin respectively held by such banker at each of the head offices or principal places of issue in Ireland of such banker during the said four weeks; and also the amount of bank notes which such banker is, by the certificate published as aforesaid, authorised to issue under the provisions of this Act; and every such account shall be verified by the signature of

such banker or his chief cashier, or in the case of a company or partnership, by the signature of the chief cashier or other officer duly authorised by the directors of such company or partnership, and shall be made in the form to this Act annexed, marked (A); and if any such banker shall neglect or refuse to render any such account in the form and at the time required by this Act, or shall at any time render a false account, such banker shall forfeit the sum of £100 for every such offence."

2766. I presume that the words "head offices or principal places of issue" in your return, mean the four dépôts where you hold the gold against notes?—Yes.

2767. Then your system is, that you have so many branches, and you have four dépôts at which you hold a certain amount of coin?—Yes, as against the excess circulation.

2768. Then do you hold coin in your other branches?—Yes.

2769. But only for your banking operations?—For general purposes.

2770. Are your notes made payable at each of those four principal places of issue?—They are payable at all the branches.

2771. But, as a matter of fact, you do not find that very many notes are presented for payment, I presume, at the small branches where you are not obliged to hold coin?—They are; but, of course, coin is not demanded. The coin that comes in at our branches usually comes in in the general course of business, but if notes are presented for payment it is not for coin; that is only in the case of a run.

2819. Could you tell the Committee how much you hold on an average in each branch?—We make it a point never to leave any branch without a few thousand pounds. Some of the ordinary branches hold £10,000 or £15,000, but of course there are some very small branches where we find that a few thousand pounds are quite enough. In fact, you will find that the gold held for ordinary purposes outside the excess (say that it is £150,000) is about £2,000 for each branch; we have 76 branches.

2827. Can you state the amount of your English deposits?—On the 31st of December 1874, our current accounts in London were nearly £1,500,000.

Mr. William Shaw.

2828. Does that include deposits?—Our deposits are very small; we do not encourage deposits in London, we do not even advertise in London for them.

Mr. Goschen.

2829. Will you state your grounds for not encouraging them?—We consider that the rate allowed by London banks upon deposits is so close upon the bank rate that the risk of employing the money is more than compensates for taking it from the public. We think that it does not pay.

2830. The Irish business, upon the whole, as regards deposits is so much better, that you do not care about competing for the London business as regards deposits?—We do not care about London deposits.

2831. You think that the English bankers run that rather close?—Yes, and of course, furthermore, the London banks can manage their own affairs here, and have officers here, and it is a different thing; but our experience is, that it is rather a risk taking deposits and that a small margin of profit does not pay.

2832. It has never struck you that the profits of the London bankers upon their deposits were so large as to hold out any very great attractions to you?—It all depends upon what they call deposits; I should say that it is upon their cash balances upon which they pay no interest, that they make their profits.

2833. You would value those cash balances upon which no interest is paid?—Yes, of course.

2834. But the allowance of interest which is given by the London bankers, so far as your experience goes, is as high as prudence justifies?—We think even rather higher.

2835. Do you accept in London? Our acceptances are very small; in fact they are only for the convenience of our customers who cannot do without foreign payments, but they are only £16,000.

2838. To return for one moment to the question of the gold that you hold; do you think that you hold less or more gold than other banks in Ireland?—We are the largest specie holders in the kingdom next to the Bank of England. We hold more gold and silver than any other bank in the United Kingdom, next to the Bank of England. We hold £941,000 in specie.

2871. Out of your total liabilities, I understood you to say that about £1,500,000 was due to the metropolis?—Yes.

2877. At the same time you have followed the prudent course of not attempting to push your business in London?—We do not attempt to push our business in London, especially in the deposit line; we have never even put an advertisement in the papers.

2878. Is your business in London (if you have no objection to stating it) a semi-Irish business, or do you do a large English business?—At the commencement it was purely English, but since we opened the metropolitan branches, a good deal of the Irish element has been introduced through Irish connections.

2879. Through Irish connections in London?—Yes, and of course through Irish people having friends in London and introducing them to us.

2882. Do you look upon your London business as an adjunct to your Irish business which you conduct for the purpose of facilitating your Irish business, or is it a remunerative and profitable business in itself?—We think that it is profitable in itself; but at the same time it affords great facilities for carrying on our Irish business.

MONDAY, 7TH JUNE, 1875.

MR. EDWARD JAMES MILLS, recalled ; and further Examined.

Mr. Orr Ewing.

2902. You stated, did you not, that you did not compete with the English banks for deposits, or for English business?—No ; that is to say, for deposits upon which we pay interest. We do not encourage deposits upon which we have to pay any interest.

Mr. Sampson Lloyd.

2903. Is that in London?—Yes.

Mr. Orr Ewing.

2904. And your reason for not doing so, is that the margin between what is paid for deposits in London and that which is charged for discounts or loans by bankers of any kind is so small that you consider it to be unprofitable?—We consider that it does not pay for the demand to employ it at once, and to employ it continuously and for the risk attending it.

Mr. Sampson Lloyd.

2962. Do you or do you not, in order to keep your deposits together at times when the London market rate is excessively low, say 1 per cent., continue to give the farmers and other depositors a somewhat higher rate, say an average rate of 2 or $2\frac{1}{2}$ per cent.?—We are altogether governed in Ireland in allowing the rates on deposits, by what the Bank of Ireland rules. According as money goes up in London the Bank of Ireland increases the rate, and as they go down they decrease it, but there is no average rate.

2963. Supposing that you followed implicitly the Bank of England rate, sometimes you would be allowing only 1 per cent. on deposits when the Bank rate might be 2 or $2\frac{1}{2}$ per cent. : or do you not at those times, for the sake of keeping your depositors satisfied, allow a somewhat higher rate than those extremely low rates?—It would be only a question of one-half per cent.

Sir John Lubbock.

2970. I think that the policy of the National Bank has been to keep their acceptances low, and not to accept largely?—Quite so ; the directors make it a rule not to accept at all except to oblige their own customers.

Mr. Anderson.

2974. With regard to your cost of opening branches in Ireland, I think you said you had no license duty to pay for opening a branch?—We pay a duty of £120 a year, but that is nominally on the four depôts, or four offices of issue, as I explained.

2975. For every new branch that you open, have you anything to pay?—No, nothing whatever.

2976. That is one point in which you differ from the Scotch banks ; you make your notes payable, you say, at all your branches ?—Yes, at all our branches.

2977. Is that done by law, or is it done voluntarily ?—It is simply to comply with the Act of Parliament of 1828.

2978. Then the law required you to make your notes payable at all your branches ?—It required us to make the note payable at the office of issue ; therefore for the purpose of establishing a circulation that would be issuable at any point, we are obliged to name all the branches upon the note, so that a note issued at any one point is payable at all the others.

2979. Does not the point of issue mean the original point of issue, and therefore the head office only ?—No, it was never the head office only ; by the Act of 1828 the notes must be payable at the office of issue ; therefore, in order to make our notes available for issue at every point we are obliged to make them payable at every branch.

Mr. PETER DU BEDAT called in, and Examined.

Chairman.

3018. You are the secretary, I think, to the Bank of Ireland ?—I am.

3019. Will you kindly describe to the Committee the constitution of the Bank of Ireland ; stating whether it has an establishment in London, or in Dublin only, and what it has in the way of branches and otherwise ?—They have no establishment in London ; they carry on all their business in London by means of agency. The Bank of England are our principal correspondents in London.

3023. There seems to be a good deal of doubt in the minds of many persons as to whether Bank of Ireland notes are, or are not, a legal tender, and it is stated that there was a case decided on the Leinster circuit a little time ago to that effect ; has any such case come under your notice ?—I fear that the barristers were astray there ; they frequently come to me to ask me if a Bank of Ireland note is a legal tender ; and I have told them that it is not, and I have had to give out sovereigns to make a legal tender.

Mr. Kavanagh.

3027. Will you tell the Committee what is the amount of the authorised circulation of the Bank of Ireland ?—£3,738,428.

3028. Has it kept up to that limit ?—It has not.

3030. Can you account for the limit not being kept up to ?—In my opinion there are, perhaps, three reasons for it : firstly, the very extensive issue and negotiation of cheques ; secondly, the fact of deposits being received now in Ireland to a very large extent which absorbed the notes, because no man would keep a note in his pocket if he could get interest for it ; and the third reason I should say probably is the very large increase of the establishment of the

National Bank ; they have something like 100 branches and sub-branches ; and, possibly, that has divided the circulation or decreased it.

3031. What was the limit which your circulation reached in the year 1850 ?—It was £2,500,000 then.

Mr. *William Shaw.*

3032. Did it not run down before 1850 ; in 1848 and 1847 ?—Before the year of the change, the circulation of the Bank of Ireland was about £6,000,000.

Mr. *Kavanagh.*

3050. The Bank of Ireland now receive money on deposit at interest from the public, do they not ?—They do.

3056. What would be the effect on the Bank of Ireland, if the non-issuing banks required more or issued more largely its notes ?—The result of that from experience is, that these notes issued by the other banks would come in in what we call the exchanges daily, and would ultimately require to be retired in London, by which the Bank of Ireland, if the greater portion of the notes come in to them, are obliged to hold large resources in London, to draw on to pay for them.

3058. Can you give the Committee any information about these exchanges ?—After the Act of 1845, it was arranged amongst the banks that instead of paying the balances of the exchanges between those banks in gold, they should each hold a certain amount or quota of Exchequer Bonds. When that quota became reduced to a certain amount, the bankers then had to buy back those Exchequer Bonds which were made in payment of the different balances against them, principally to economise gold, and not to have gold passing from one bank to another each day, keeping the gold in the country uselessly. For instance, the exchange might be against one bank, say to the extent of £50,000 or £60,000 daily ; two or three days after that, it might be against another bank, probably to the same amount, and this gold would be going from one bank to another uselessly. So that in order to save the want of interest upon the gold, they agreed to have Exchequer Bonds in lieu of gold. When a balance against the bank is declared, they must give over their Exchequer Bonds to the bank, in whose favour the exchanges were. When these Exchequer Bonds are decreased to a certain amount, they must then give an order on London to buy back these Exchequer Bonds. Hence the notes coming in the exchanges are retireable in London.

Mr. *Backhouse.*

3092. You said, I think, that the 7s. per cent. duty to the Government was payable in advance ; did I understand you aright ?—We pay, in January, 7s. per cent. on the average outstanding circulation of the previous year, taken on the four weeks.

3093. Do you pay any license duty ?—None.

3094. Are there any private banks in Ireland ?—There are.

Mr. William Shaw.

3095. There are none, except in Dublin, I suppose?—There are none, except in Dublin, There are three or four that call themselves private bankers, but they are more of the stockbroking class; they pay duty.

Mr. Backhouse.

3096. There are three banks of non-issue in Ireland, I think?—There are three banks of non-issue in Ireland.

3105. Do you allow any interest upon current accounts?—We allow no interest upon current accounts.

3106. You have since 1864 allowed interest upon deposit accounts, have you not?—Yes.

Mr. Anderson.

3139. You are at present about £750,000 below the average, are you not?—Yes.

3140. And you said, I think, that in no way could you use up that circulation?—Yes.

3141. I suppose that you meant by that, that a bank of issue cannot force its issues upon the country unless the country really requires it?—Quite so.

3142. And that if a bank of issue did force its paper upon the country it would come back upon it immediately and require to be redeemed in gold, in Exchequer Bonds, or in orders upon London?—Yes, practically in orders upon London.

3143. Therefore you cannot force your issues?—We cannot force our issues.

3144. Supposing that you were to extend your branches, would not that enable you to extend your circulation?—Yes, as I have already stated, I think that would increase it, and probably bring it up to even more than our authorised circulation.

3145. Then you look forward to using up your circulation?—Yes, certainly, and perhaps exceeding it in the course of time.

3146. Then you would not be willing to give up part of it to other banks who have none?—In no way.

Mr. Mulholland.

3155. Are many of the notes that you issue over £5 held by other banks; it seemed to me an unusually large proportion?—It is unusually large, and we are not able to explain it. The large notes have of recent years rather increased in proportion to the £1 notes.

3157. Do not the non-issuing banks require to keep a large amount?—They make up their supplies every morning. The Munster Bank must require to keep a fair amount of notes of different kinds at their branches.

3158. Do the Royal Bank and the Hibernian Bank keep your

notes in anything like the same proportion as the Munster Bank?—The Hibernian Bank's issue of Bank of Ireland notes is very considerable.

3159. I suppose that the three banks must hold nearly a million?—They might issue that amount, but it would come back again in a month or five weeks.

Sir John Lubbock.

3253. When you said that the cost of the circulation was 2 per cent., that included the whole cost of the issue of notes, did it not?—No.

3254. May I ask what you include in the 2 per cent.?—The expense of our circulation is probably $1\frac{1}{2}$ per cent. I can imagine that the expense of smaller circulation to a minor bank would cost nearly as much as a larger one to a more extensive bank. Where a bank has the power to issue they must keep in every branch a certain amount of gold to meet that issue. They cannot call upon the Bank of Ireland for gold, according to the Exchange regulations. Independently of that, in those exchanges when their issue comes in, as I mentioned to you before, it results in London, almost all the business centres in London, and they will be obliged to draw on London to their disadvantage, and they will have to keep a proportionate amount of reserves in London to meet that circulation. You must then take the interest upon the loss upon those reserves, and upon the amount of gold which they must hold against their circulation, and the expense of the making of the notes.

Mr. Backhouse.

3312. Do you print your notes in the office of the Bank of Ireland?—Yes, it is done by steam.

3313. Do you have paper made specially for it?—We have paper specially made for it.

3314. Doing it in that manner with such care adds greatly to the expense, does it not?—I should think that it does.

MR. JAMES THOMSON BRISTOW, called in; and Examined by
MR. STEPHEN CAVE.

3430. What position do you occupy?—I am one of the Directors of the Northern Bank of Ireland, and I have been so since the year 1852.

Mr. Mulholland.

3431. I think you have authority to speak also on behalf of the Belfast Bank and the Ulster Bank?—Their opinions and ours agree so far as we know the points likely to be spoken about.

3439. Will you state what is the authorised issue of the three banks and the present issue?—The authorised issue of the three

banks amounts to about £330,000, and the actual issue amounts to about £1,600,000.

3440. What gold is now held against the excess of issue?—The three banks hold in gold about £1,000,000 in round numbers; that is the average amount of gold.

3441. Can you tell how much that is per cent. upon your circulation and liabilities together?—On circulation and liabilities together, the average of the three banks would be about from 11 to 12 per cent.

3444. Have you to get gold over from England at certain periods of the year for your excess of circulation?—Yes.

3445. At what period?—In the month of October.

3446. To what amount?—From about £100,000 perhaps to £150,000 for each of the three banks.

3447. Has each of the three banks to get a corresponding amount?—Yes, I suppose £150,000 would be perhaps the average for each.

Mr. William Shaw.

3471. Do you think that you could have put out anything like the number of branches in Ulster, but for your circulation?—I do not think we could.

Mr. Backhouse.

3489. Are you obliged to keep more gold in consequence of your excess of issue than you require for your ordinary banking business?—We are.

3490. Do you keep your reserves against your liabilities in London, or do you keep them in Ireland?—We keep balances in London.

Mr. Stephen Cave.

3491. The £150,000, which you state you require from England in October, is, of course, against the excess of issue at that time?—It is against the excess of issue at that time.

3492. You do not use the gold?—No, not at all.

3493. In fact you hardly unpack it, I suppose?—Very often we do not unpack it.

3494. It is sent back in the packages in which it comes?—Yes; but we are sometimes charged for light gold on the very gold which we brought over as heavy, without its being unpacked.

Mr. Hubbard.

3508. But as regards the public, is there any advantage derived by the public from their dealing with an issuing bank beyond that which they would derive from dealing with a non-issuing bank, but with a larger capital?—I think the right of issue gives a bank of issue a power of accommodating the public to an extent that no non-issuing bank that I have ever heard of would have capital enough to do.

3509. Will you explain in what that power consists?—The power

consists in two things. One is that they have the use of the amount of issue which they are authorized to issue, and so much more as they would keep gold for, for their own ordinary wants; they have the power of using that without any cost, except the cost of manufacturing it. It also gives them the power of opening branches, and it supplies those branches with cash without their losing interest by having to keep money either in gold or in the notes of other banks, in the tills of those branches.

3510. Is not the power of issue either at the central office or at the branches limited by the limitation of the issue?—It is unlimited. We may issue to any amount if we keep gold beyond the authorized amount.

3511. So any other bank may get bank notes or sovereigns and do business with them; but so far as regards the power of issue, is not the advantage limited to the limitation of the issue itself?—Not entirely, because every bank must keep an amount of gold for its ordinary wants and to cover any claims that may be made upon it for deposits or other liabilities. So far as that amount of gold is held by a bank they have the power of issue opposite that, free of any charge, except what the authorized circulation is subject to.

3512. As I understand you, you mean this: that an issuing bank apart from, and over and above its power of issue, has the power of issuing upon the amount of gold which it would have to keep with reference to the responsibility of its deposits, but which it makes available for an additional issue of notes?—Yes.

3513. In fact it makes that gold answer two purposes; it is responsible for the deposits, and it is responsible for the notes?—Yes.

3514. That is the advantage which an issuing bank has over a bank simply with a larger capital?—That is one of the advantages.

3516. Is not the branch only another subdivision of the main question with reference to the power of issue?—Not altogether, because the amount of money which may lie dormant at a branch, if it is not issued, if it is in our own notes, is not actually costing us money; it is lying in our safe. We can send any amount of notes to a branch, and they will cost us nothing until they are issued by that branch.

Sir Graham Montgomery.

3525. What license duty do you pay upon your notes?—We pay a stamp duty of 7s. per cent., but we pay no license duty.

Mr. Sampson Lloyd.

3526. Is that owing to a provision in your charter?—No, it is by the Act of 1845; we only pay for the three or four depôts which we may have; we pay for the head offices; we have three depôts, and we pay £30 a depôt.

Sir Graham Montgomery.

3527. When you establish a new branch you do not pay any license duty to the Government on that new branch?—No, we only pay stamp duty upon the additional circulation.

Sir John Lubbock.

3532. With reference to the advantage of a note circulation, is there not another advantage in it, inasmuch as it acts as an advertisement of the bank?—Yes, it does to a certain extent.

Mr. Anderson.

3543. Have you seen the paper given in by the Scotch bankers upon the “Economist” principle, setting forth their whole costs against their whole deposits?—I have.

3544. Have you ever made up similar statements, with regard to the banks which you represent?—I have made them up for my own satisfaction. I compared with the other two banks before I came away, and we are all pretty nearly the same.

Chairman.

3553. You would not like to see the whole of the authorised issues of Ireland put together into an aggregate sum, and an arrangement made that the banks might together issue up to the total amount of that aggregate sum?—It might be a very difficult thing to arrange. I do not think that the banks could agree upon an arrangement of the kind.

THURSDAY, 10TH JUNE, 1875.

MR. GEORGE READMAN, called in; and Examined.

Chairman.

3602. Are you the manager of the Clydesdale Bank?—I am.

3625. Will you state what were the inducements which led you to open branches in Cumberland?—We have a very extensive connection in Glasgow and the West of Scotland with the iron trade and with large ironmasters; nearly all of whom have establishments in Cumberland. It was suggested to us that it would be a convenience to them, and an advantage to ourselves, if we had branches in that district. In addition to that there is considerable intercourse between the opposite shores of the Solway Frith; we have several branches in Dumfriesshire and in Wigtonshire. Lastly, we were led to understand that there was a very large Scotch population scattered along the shores of Cumberland. Those were the inducements that led us to entertain the proposition.

3626. How many branches have you opened in Cumberland?—Three.

3627. Will you state where they are?—Carlisle, Workington, and Whitehaven.

3630. Have you taken in notes of Scotch banks there?—We have.

3634. Can you state what amount you have received in that way?—Yes. I have returns here from three branches, from two of them in perfect detail, but from the third one, which is not a very large one, not so perfect. I will state the figures of each if you choose. At Carlisle, between the 7th of February, 1874, and the 8th June, the present month, we have taken in 903 £1 notes of our own bank, and £1,235 in £5 notes and upwards of our own bank. In £1 notes of other Scotch banks, in the same period, we have taken in £10,376, and in notes of other Scotch banks of £5 and upwards, £14,540; making a total sum, at Carlisle, of £27,954. At Workington in the same period, we took in eight £1 notes of our own bank, and £110 in notes of £5 and upwards; 313 £1 notes of other Scotch banks, and £150 in notes of £5 and upwards of other banks; making a total of £581. In Whitehaven, up to the 24th of April last, they had not kept a distinct account, but the total sum of every kind of note was £1,883; and as an instance that they are not different from the others, I may mention that between the 24th of April and the 8th of June the notes of the Clydesdale Bank received at Whitehaven were 14 £1 notes, and £190 in notes of £5 and upwards; 107 £1 notes of other banks, and £75 in notes of £5 and upwards of other banks; making a total of £386. The total of the whole is £29,470; and I may mention that at Whitehaven and Workington most of our notes come from other banks in the place and not from the public.

Mr. Campbell-Bannerman.

3700. Has the opening of branches in Cumberland had any effect upon your circulation?—Not the least.

Mr. Leveson Gower.

3706. Do the Scotch notes pass from hand to hand in Cumberland?—I should think not. We do not issue them, and we never have done so.

Mr. Kavanagh.

3711. You have no office in London, have you?—None.

3712. Will you tell the Committee what prevented your coming to London or having an office in London?—I mentioned various causes that induced us at the time to delay doing anything as to coming to London. Our hands have been pretty well occupied during all the time I have been manager, and we have not seen it to be our interest to come to London.

3713. But you believe that, whenever you do see it to be your interest to come to London, you can do it?—We do, most thoroughly.

Mr. Backhouse.

3717. When you first thought about coming to England in 1855, was it then your intention to go to London, or to go into the country?—London was the thought then.

3718. The country is a more recent idea?—The country idea is more recent.

3719. I suppose your wish is to extend still further, if you find it to answer?—I will give an answer to that by-and-by, when we have found whether it answers or not.

3725. If all their rates are exactly the same, how do you account for there being such a difference in your profit per cent. on your deposits? I observe that the Clydesdale banks' per-centage is £1. 5s. 2d. on your deposits, whereas the City of Glasgow banks' per-centage is 17s. 2d.—I know our business, but I do not know theirs.

3726. But a scale has been put in which places the general profits of Scotch banking at £1. 1s. 11d. per cent. on their deposits; I observe in that scale very varying rates of profit per cent. upon the deposits, whereas it is stated that all the charges and all the allowances are exactly the same, and therefore one would conclude that the rate per cent. upon the deposits would be the same in each case; how do you account for the difference?—Other circumstances may enter in to affect that; but I can only speak for myself.

3727. Then you do not think the average of £1. 1s. 11d. per cent. is any real guide as to the rate of charge to the public, taking the calculation from a per-centage on the deposits?—Each bank must judge for themselves in that matter; I merely state the facts as regards the Clydesdale Bank. If you will pardon me, I think you are mistaken as to our amount last year, I think it is rather less than that.

3746. Your circulation is £717,000, and your authorised issue is £274,000, is it not?—Yes, but this was taken before the exchange. We exchange three times a week, and this includes the gross amount of our notes which were in circulation on the night of the balance.

3747. What effect has the exchange upon your circulation?—The effect of the exchange would simply be, that probably £200,000 would come off that.

3749. May I conclude from that answer that if we had the circulation of all the Scotch banks before the exchange, it would amount to something like £2,000,000 more than is shown after the exchange?—It would amount to a very considerably larger sum, at the half-yearly terms in May and November.

3772. Do you not think that the fact of Scotch banks being established in the North of England, and the knowledge that the people can get Scotch notes cashed at those banks, will very much encourage the circulation of those notes in the North of England?—I do not

think it will in the least, from my experience of the sixteen months that I have been connected with the Cumberland branches of the Clydesdale Bank.

3782. Would you think it desirable that less gold should be retained in Scotland, if they were not obliged to keep gold against their excess of issue?—We should not, I think, keep less gold than we do, even if we were not obliged by Act of Parliament to keep gold against the excess of issue.

Mr. William Shaw.

3792. Would you prefer keeping Bank of England notes against your own issue?—It would be a convenience to us, because they are more easily transmitted. As an instance of the operation of the law, I may mention that within a month, since I was in this Committee-room before, we have been obliged to send down £100,000 in sovereigns to Scotland at a considerable expense and at a certain amount of risk; last night we returned £50,000 of that amount in the identical boxes in which they came; we never saw the gold; it goes back to the Bank of England with the seals unbroken, and we incur all the risk and expense of sending it backwards and forwards.

Mr. Backhouse.

3801. You keep, I presume, about double the amount of notes ready for circulation that you have in actual circulation?—Fully that.

3802. And the power of having those unissued notes, their not being taken into account until actually issued, enables you to keep your branches supplied with till-money without expense, does it not?—Certainly.

3803. Can you give us any idea of the expense of a small branch in Scotland?—I saw that that question was asked of a previous witness, and I have been turning it over in my mind since; I think I would put down about £300 as a minimum.

3808. Are there not more branches of banks in Glasgow than are required for the business of the place?—There are a great many more branches than I should like to see.

Mr. Sampson Lloyd.

3818. Of course, all prudent bankers issuing notes would keep some sufficient reserve of some kind of coin to pay those notes, but I presume that the amount of £1 notes which are presented for gold in Scotland is very small?—Very small.

3819. So that, practically, the reserve which you have to keep in order to pay your notes is comparatively limited, is it not?—What we are to keep as a minimum is strictly enjoined by law, and we find it more than ample. We are never asked for gold in Scotland.

3820. So that, in point of fact, your privilege of issue against your till-money is available to a very large proportion of the issue ; supposing that a bank has £100,000 of till-money which it must keep, and supposing that 10 per cent. of that is deemed a prudent amount to keep in coin to pay the notes when they are presented over the counter, is it not a great privilege to be able to make notes for the £90,000 remaining, and to employ it in banking as compared with the state of things where you cannot make a single note ?—No doubt it is ; I think that the English banks labour under a very great disadvantage and very great hardship in that respect.

Sir John Lubbock.

3851. Could you state to the Committee what amount of notes you habitually find it desirable to keep in your branches ?—I would rather make further inquiry about that ; I would say off-hand, that we should keep about one-half more than the issue, but I am not able to answer it definitely.

3852. Will you put in the average amount ?—Yes ; I understand the question to be the average amount of notes that we hold in our different branches in anticipation of the wants of our customers.

3853. Exactly. I think I understood you to say that, in your opinion, the right of circulation which the Scotch banks have, is a very great advantage ?—A very great advantage.

3854. And that, in fact, without it, you would not be able to open so many branches as you have done ?—And especially the £1 notes.

3856. The Scotch banks now agree upon a general scale of charges, do they not ?—They have done so for nearly 20 years.

3857. And no doubt you would find it more difficult to agree upon a scale of charges if there were a great many banks, than you now find it when there are only 11 ?—No ; I do not think that we should.

Mr. WILLIAM BONNALLIE GORDON, called in ; and Examined.

Chairman.

3901. Are you the manager of the Cumberland Union Bank ?—I am.

3931. Do you think that the Cumberland banks generally would be willing to give security for their issues ?—Quite willing ; I am authorised on behalf of the Cumberland banks to say so.

Mr. Sampson Lloyd.

3932. That is, of course, presuming that other banks were compelled to do the same ?—Yes.

Chairman.

3933. Can you give the Committee any particulars as to the num-

ber of Scotch notes that have been sent down through your bank of late years?—For many years past we have sent down about £2,500 a month, or from that to £3,000.

Mr. Campbell-Bannerman.

3934. Are you now speaking of your own bank alone?—Of our own bank. For the four years previous to 1874, when the Clydesdale bank established branches in Cumberland, the average amount was £27,660 per annum; for the year 1874 the amount was £31,215; and for this year, so far as it has gone, for the five months, the amount has been £20,234, being at the rate of £48,550 per annum.

Chairman.

3935. I suppose that what is done by the other Cumberland banks in the same way is somewhat in the same proportion as your own?—It is. I had the figures, but I have mislaid them; but the proportions were similar.

3936. So that, since the establishment of the Clydesdale bank in Cumberland, some 40 per cent. has probably been added to the amount of Scotch notes sent down?—Yes; that is in addition to the sums which we pay away across our own counter to parties going to Scotland, whosay, “If you have any Scotch notes, we will take them with us;” and it is also in addition to the sums which the Clydesdale bank now take up themselves in Cumberland.

3937. Do you attribute this increase in the circulation of Scotch notes to the establishment of the Clydesdale bank in Cumberland?—There is no doubt whatever that that is the case.

3938. In what way should the establishment of the branch bank of the Clydesdale bank in Cumberland affect the quantity of notes sent there?—Commercial travellers going the round of the towns of Scotland, or cattle dealers attending fairs and markets, instead of going to the banks to change the Scotch money obtained by them into English money, which would cost them something, they bring it into England, where they know there is a Scotch bank that will take it.

3939. But how does that lead to the Scotch notes being brought to your bank?—Many of the cattle-dealers having accounts with us bring them and pay them in to their credit.

3948. Do you see any objection to the issue of £1 notes?—I should not myself object to be allowed to issue them, but at the same time I should be sorry to see the issue of them in England.

3949. Why?—I expect that if we were allowed to issue £1 notes in Cumberland, the same privilege would be accorded to every person throughout England calling himself a banker.

3950. Do you mean that in that case you would lose a privilege?—No, it is not on that account; but, in times of panic, I believe that

it would intensify the panic very much if there were £1 notes in the hands of the poorer and ignorant classes, because they would rush upon the banks without discrimination in order to get them cashed.

3957. With regard to the opening of branches, do you consider that the Scotch banks have any advantage over you?—They have a great advantage.

3958. Will you mention in what respect they have an advantage?—Inasmuch as they can open branches at very little cost; they require no cash to stock the till; they stock the till simply with their own notes, and in that way they are enabled to go into small towns and villages, and even hamlets, with branches.

3959. But they cannot stock the till of an English branch with their own notes?—They cannot; but having gone into these small towns and villages, they have released the money which had up to their going there been locked up in desks and cupboards, and it comes into the banks as deposits; and in that way they have increased the amount of deposits to such an extent that now, we understand, they cannot lend it out in their own country, and they come to England with it; it is entirely because of their power of unlimited issue that they can open these small branches; and because they can open these small branches they get this enormous amount of deposit money.

Mr. Goschen.

3983. Do you think that you drain Cumberland of its deposits as effectually as the Scotchmen drain the Scotch counties of their deposits?—No.

3984. Therefore you have not the same results in deposits, have you?—No; because we cannot go into small villages and open branches there.

3985. Do you consider, then, that it is a grievance that the Scotch are able to come to Carlisle, if they are able to raise the money more cheaply than you are?—I do; because the Legislature has dealt out one measure to Scotch bankers and another measure to English bankers. The English bankers have their hands tied to a certain extent; the Scotch banks are perfectly free to issue as many notes as they like, and yet the Legislature is asked to allow them to come and compete with English banks.

3986. If some facilities were given to you, would you be able to compete with them more satisfactorily?—No doubt.

3987. Supposing that the same facilities as they possess were given to you, would you then be able to secure deposits in the same way as they do?—No doubt.

4005. Supposing that the Scotch banks had their privilege of issue in Scotland taken from them, but that they were to receive a pecuniary payment, so as precisely to indemnify them for the loss of the advantages which they have in not being obliged to hold coin against the bank notes in their tills or at their various branches, would there

still be the same grievance on your part, that they would be in a better position as regards their being able to bring money more economically to England, and do you consider that they would still be able to undersell you?—If they had no power of issue, certainly they would not be able to undersell us.

4006. But if they received as an indemnity the precise value of the privilege which they now possess, why would they not be still equally able to undersell you, even if that privilege were taken away?—Very much would depend upon what that sum was; whether it was the profit that they make now, spread over a series of years, or whether it was a sum paid down, which might not be commensurate with the full value of their present privilege.

4007. Of course the assumption is, that the precise value is given; I want to test by that the objection that you have to their coming into Cumberland; is your objection only that they have a profit which you have not, and that therefore they can work more cheaply than you can?—My objection is solely that they come to Cumberland with money which they have raised by a process which Parliament has allowed to them but denied to us.

4009. Could you cross the Border into Scotland, and carry the war into the Scotch camp, if you wished?—We have had so many lawyers' opinions upon that point, that I would rather decline giving an opinion upon it myself.

4014. You would prefer not giving evidence upon the point as to whether, if you went into Scotland, you would be able to compete with the Scotch banks?—If we went into Scotland we could not compete with the Scotch banks, unless we were allowed to issue notes in Scotland.

4015. Will you explain why not?—Because we should have to take English money with us, and we should have to circulate Bank of England notes and keep our tills stocked with Bank of England notes.

4016. And you might, even then, find that the people in Scotland would prefer the £1 notes?—Just so, and no doubt they would.

4017. So that the action which you would have to take would be, would it not, that you would have to supply yourselves with £1 notes from one of your competitors?—Just so.

4018. Whereas a Scotch bank coming to Cumberland has not to supply itself with your notes, but takes two parts, we may say, out of three parts of the currency of the country, because the currency of Cumberland would be composed of your notes, Bank of England notes, and coin, would it not?—Yes.

4019. And of those the coin and the Bank of England notes would be equally available to the Scotch as to you?—Yes.

4020. Whereas in Scotland the main circulation consists of Scotch notes, does it not?—It is altogether Scotch notes.

4021. And coin and Bank of England notes are less popular in Scotland than the Scotch notes?—They are hardly ever seen.

Mr. Stephen Cave.

4027. I do not quite understand the process of the Scotch banks draining the country villages in Scotland of money and bringing it into Cumberland; will you explain how that is?—It has been stated in evidence before this Committee by one of the witnesses, I think Mr. Davidson, of the Bank of Scotland, that the deposits of the Scotch banks have increased something like £22,000,000 within the last ten years; that has been done chiefly by the establishment of small branches.

4028. What was the money that was kept in those villages in which the small branches were established, before the branches went there?—It was locked up; people had not the advantage of a bank to go to, and consequently they kept the money in their desks and cupboards.

Sir John Lubbock.

4048. The opening of branches in the North of England would lead to a circulation of Scotch bank-notes in those districts, would it not?—Yes.

4049. And if they extended themselves gradually southwards over England, so the circulation of Scotch bank-notes would extend itself southwards over England?—No doubt it would; it would follow them.

MONDAY, 14th JUNE, 1875.

Mr. WILLIAM BONNALLIE GORDON, recalled; and further Examined.

Mr. Anderson.

4073. You said that the number of Scotch notes had increased in Carlisle since the Clydesdale Bank had opened in that city; I think you said that you would be willing to put in some returns to show the increase; are you prepared with those returns?—I think I showed to the Committee on Thursday that our own bank, the Cumberland Union Bank, had sent Scotch notes down to Scotland at the rate of £27,600 per annum for the four years previous to the Clydesdale Bank coming into Cumberland.

4074. Can you state separately the quantity of £1 notes in that amount?—I cannot; for the year 1874 we sent down £31,215.

4075. Can you include also the quantity that you paid away?—No.

4076. Then it is an imperfect return as showing the actual circulation of Scotch notes?—It is what comes through our hands, what we send down to Scotland; and for the five months of this year, so far as it has gone, it is at the rate of £48,500 per annum.

4095. Does this increasing issue or circulation of Scotch notes in England show that the public find them a great convenience?—I do not think it does?

4096. Do you not think that their coming in an increasing quantity shows that the public find them a convenience?—No; they are in a measure forced upon them.

4097. How?—As I explained to the Committee on Thursday, commercial travellers, and cattle-dealers, and men in various lines of business, when they are in Scotland collecting moneys, of course get the moneys of the country, Scotch bank-notes; to change those Scotch bank-notes into English money in Scotland would cost them considerably more than to pass them to the credit of their account in England, and so they come into England almost perforce.

4098. But the tradesmen and shopkeepers show no reluctance to take them, do they?—No; such is the competition in trade, that they will take anything that any bank in Carlisle will take. They know there is a Scotch bank in Carlisle will take them.

4101. You said, did you not, that your only objection to £1 notes was that they were dangerous in times of panic?—Yes, that is the great objection; but there are other objections as well, such as the fact that they are more liable to forgery.

4102. Do you mean that they are more likely to be forged than sovereigns?—No, they would be more liable to forgery in England than in Scotland, from the fact of its covering such a much larger surface, and from the population being of a very different class.

4103. Would they be more liable to forgery than £5 notes?—I think so, because the £1 notes would not circulate in the hands of those who are so able to detect forgeries as those among whom the £5 notes circulate. The £1 notes circulate in the hands of poor people, who would not know the difference between a genuine and a forged note.

4104. Are you aware that there is no such difficulty in Scotland?—There have been frequent forgeries.

4105. But do you think there is a greater risk of forgery in England than there is in Scotland?—I do.

4106. Do you think there is a greater risk of forgery of a £1 note than there is of base metal in a sovereign, or of light weight in a sovereign?—I think so; but I only give that as my own opinion.

4252. The Scotch banks, I think you said, collect the deposits in the small towns and villages, and they take that money into England to stock the tills of their English branches, and you object to that; but is not that a great benefit to the public of England?—That remains to be seen.

4253. Is it not a benefit to them that this Scotch money should be employed in England?—It has been stated by several of the

Scotch bankers before this Committee, that they do business in England upon the English system.

4254. That is in London ; but they do not do business in Carlisle upon the English system, do they?—They say so in the Carlisle office ; they have been asked over and over again in the Carlisle office, and they say : “ We have come to England to do business upon the English system.”

Mr. Orr Ewing.

4270. You have seventeen branches, I think?—Yes.

4271. And your authorised circulation is about £35,000, is it not?—That is so.

4272. That is about £2,000 to each branch?—Yes, but at some of them we do not issue.

4273. How are you able to regulate the circulation?—There are some branches that we do not supply with our own notes at all, and we do not issue in Carlisle ; we keep the circulation for our out-lying branches.

4274. Do you allow a larger amount of notes to remain with each branch than they are entitled to circulate?—No ; branch has a limit. We watch it ourselves, we have returns every morning as to the amount of notes on hand and the amount issued, and if we find that they are getting near the limit, we telegraph at once, “ stop issuing our own notes.”

4275. Does it frequently happen that you find yourselves in excess to any extent of your authorised issue?—Yes, about the third week, and then it is a pull up during the fourth week.

4276. Is that against the law?—No, we are allowed to issue to any extent during the month, provided that, on the average of the four weeks on the Saturday night of the fourth week, we come within our limit.

4277. And sometimes you may be issuing three times the amount of your authorised issue, I suppose?—That is impossible.

4278. Could you state to the Committee what is the largest amount you ever found yourselves in excess of your authorised issue?—I have a case in point. There was one occasion when we were £50 over on the morning of the fourth Saturday.

4282. You do not care what your issue is during the first three weeks, I suppose?—It is an exaggerated statement to say that we do not care for it.

4283. But you are indifferent about it?—We cannot be indifferent about it, because it is difficult to bring them in again in such a small issue. With £50 over on the morning of the fourth Saturday, we had to draw in £1,200.

4284. And you had been going on, perhaps, from the middle of the month drawing in?—Yes.

4286. It would therefore be a safer thing for the public in case of a panic if you had the privilege of issuing upon gold beyond your authorised amount, would it not?—Yes; or to extend the period over which the averages are taken.

4313. Supposing that the power of issuing notes was taken away from the Scotch banks, do you not think that it would be injurious to the public interests of Scotland?—I do think so; if the power of issue by the Scotch banks were taken away from them, I think that it would be injurious to the country.

4316. But would you prefer to expand the system in England, rather than to restrict the system in Scotland?—As a banker I should be very glad to have the privilege of issuing £1 notes, but, as I have already stated, I believe that it would be disastrous to the country.

Mr. Campbell-Bannerman.

4356. I understand that your objection may be put in this way: that the Scotch banks have privileges in Scotland applicable to Scotland alone under the common law of Scotland, as restricted and defined by the Act of 1845; that those are greater, in your opinion, than those conferred to you for exercise in your district by the Act of 1844, and that you object to the Scotch banks coming, so strengthened, into Cumberland, even although they cannot exercise their privileges there; is that a fair statement of your argument?—I believe it is.

4357. Is there any indication in the legislation of 1844 and 1845 of an intention to put bankers on a footing of equality?—No; Sir Robert Peel, in introducing the Act of 1845 to the House of Commons, stated very distinctly that he was giving the Scotch bankers a monopoly; and he, from the beginning of his speech to the conclusion of it, treated the matter as altogether a matter for Scotland, never dreaming that the Scotch banks had any thought of coming into England. At the conclusion of his speech, I believe that he used something like these words: he said that the Scotch and Irish banks had, in 1836 and 1839, caused a pressure on the Bank of England which impeded its exertions to maintain the commercial credit of the country, and he added that, if necessary, he could show that it was but just to impose upon the Scotch and Irish banks a part of the burden of being prepared to meet the demand upon their resources which might be occasioned by any sudden political panic or commercial disaster, and that such might be done without “preventing them from extending any accommodation which they may now extend to the agricultural or any other interests in those countries,” altogether showing that their operations were confined entirely to Scotland.

4367. All banks of issue in England are privileged banks, are they not, possessing privileges of various values?—To a certain

extent, but they all compete with one another for the business of the public; it does not prevent the establishment of other banks of non-issue.

4368. I am speaking of the banks of issue?—Since the passing of the Act of 1844, there have been 42 new joint-stock banks established in England, and not one in Scotland, and those 42 banks have planted 227 branches.

4378. With regard to the charges that you make, I understood you to say that you charge commissions upon current accounts?—Upon debtor balances.

4379. At what rate?—It depends altogether upon the character of the account; a quarter per cent., one-eighth per cent., or one-sixteenth per cent.

4380. At what periods are those charges made?—On the 30th of June and the 31st of December, half-yearly.

4381. On what?—On the debit side of the account; that is to say, upon the amount of cheques drawn.

4382. Do you include on the debit side of the account the debit balance brought forward from the previous half-year?—Not if it is an active account, or an operating account, as the term is in Scotland. If it is an operating account, we do not charge upon the balance; but if it is a dead account, or approaching a dead or in-operative account, we charge upon the balance.

4383. Then that amounts to an extra charge upon such an account?—All commissions do, but these are exceptional matters altogether.

4387. As to cheques paid out of your district, what charge do you make?—We make no charge if the cheques come through the country clearing, and all cheques come now in that way.

Mr. Balfour.

4406. Let us assume that the Cumberland bank gets an equal privilege of note issue with the Scotch bank, that capital would equally come from Scotland to Cumberland; and I am therefore unable to see how an alteration of the system, which would put you on a level with the Scotch bank, would be of any benefit to you?—We should have an equal privilege with the Scotch banks.

4407. But you would have equally to fear their rivalry?—We do not dread equal competition at all.

4408. But if they lend their money upon exactly the same terms as you lend your money, the competition is equal now?—They get their money upon easier terms than we get it, simply by opening branches in small towns, and stocking their tills with their own notes, which cost them very little.

4409. Do you mean that they pay less to their depositors?—They may pay less, but that is not what I mean; their branches cost them less than an English bank's branches cost it. For

instance, an English banker, when he opens a branch, has to stock his till with Bank of England notes and gold, for which he has to pay, and there is a loss of interest upon the establishment of that branch to begin with.

Mr. William Shaw.

4413. You have not a circulation enough for your business?—We have not.

4414. Do you use Bank of England notes as well?—We get down large quantities of Bank of England notes continually from London, by post.

4415. So that your issue is of no practical use to you in extending your business?—Not at all.

4416. And in that way you think that you are unequally weighted as compared with the Scotch banks?—Yes.

Mr. Kavanagh.

4444. You say that you are desirous of acquiring the privileges which the Scotch banks possess of issuing notes against gold; in whose interest would that be?—It would be to the profit of the bank, and to the interests of the public. In our remote branches, which are, perhaps, thirty or forty miles from Carlisle, they may run short of Bank of England notes in any one day, and if we had not our own notes to fall back upon, we should then be forced, in cashing cheques, to pay gold to the customer, to his great inconvenience. They do not like to take large parcels of gold, and in that way our having the privilege of issuing notes is a convenience to the public.

Mr. Backhouse.

4449. Your issue is taken on a daily average, is it not?—Yes.

4450. And the Scotch issue is taken on a weekly average, is it not?—Yes.

4451. Does not that give them a much greater facility for going over their authorised issue than you have?—It does.

4454. In reference to the amount of gold and Bank of England notes that you hold, do you hold a much larger amount than the total amount of your notes in circulation?—I should say that we hold generally about twice the amount of our circulation in gold and Bank of England notes.

4473. Is there not an advantage in the small banks in England having local management, and, therefore, having more local knowledge of the parties with whom they deal; are they not by that means able to afford more local accommodation?—I think that they are, and that there is a great advantage in that. It is the interest of the local banker to foster and develop the trade of his district. If Carlisle were merely a branch bank, the chief office being in

London, the trade and resources of the district would not be so well known in London as they are to the directors and managers of the local banks.

Mr. Hussey Vivian.

4512. In answer to question 4007, you said, "My objection is solely that they (the Scotch banks) come to Cumberland with money which they have raised by a process which Parliament has allowed to them, but denied to us;" they have a specific advantage, which has been given in evidence as equal to about £160,000 a year, and they start with that in hand, do they not, besides the facilities which the issue of their notes gives them of keeping their tills supplied in their small branches?—Yes.

Mr. Beckett Denison.

4517. Will you explain to the Committee in what the minimum cost of one of the smallest of your branches would consist?—We should have at once to impound a certain amount of money; and taking £2,000 at 2 per cent. you start with £40 a year at once; and you have rent and taxes, and agent's salary, which probably would run away with £150.

Mr. Anderson.

4528. But you can issue notes at a branch where they are not dated without paying a license?—Yes, any description of notes; Scotch notes or Westmoreland notes.

Mr. Beckett Denison.

4529. Then are the Committee to understand that whether you employ part of a postmaster, or whether you employ an agent wholly, the minimum cost of one of your branches would be about £150 per annum?—Adding the interest upon the money, it would bring it up to about £200.

Sir Graham Montgomery.

4530. But that sort of agent would not be allowed to discount a bill upon his own responsibility, would he?—No, he would communicate with the head office. We keep duplicate books at the head office, so that we can tell the state of any account at any time.

Mr. Beckett Denison.

4531. Are all your branches either in telegraphic communication, or in railway communication, with the head office?—They are.

4532. I think you have told the Committee that you occasionally re-issue the notes of Scotch banks, if no objection is made to take them?—We do not offer them; but it sometimes happens that parties going to Scotland come, and for their own convenience (not for ours) ask, "Will you let me have some Scotch notes, if you have any to-day? I am going to Scotland, I will take them."

4533. Would not that bring you within the penalty of the law?
—I cannot tell.

Sir John Lubbock.

4543. As regards the circulation of £1 notes in Scotland, does not the security of that system depend greatly upon the large reserves of gold which are held in England?—Altogether, I should say.

4544. In fact, you agree with Sir Robert Peel, that the security of the Scotch system rests upon the security of the gold which is held in England?—Yes, that is so.

4545. And therefore, although it may be quite safe in Scotland, there may be a reason for not introducing the same system into England?—Certainly.

4561. A metallic circulation of course involves a very heavy loss of interest, does it not?—It does.

4562. At the same time a large store of gold is very important, is it not, in mitigating the effects of a bad harvest, in controlling the exchanges, and in giving stability to commerce?—No doubt.

4563. On the whole, you consider that these advantages of a gold circulation outweigh the advantages of a £1 note circulation?—We do.

MR. FREDERIC SEEBOHM, called in; and Examined.

Chairman.

4569. With what bank are you connected?—Sharples and Company, Hitchin.

Mr. Backhouse.

4577. You desire to give evidence on the advantages and convenience to the public of local issues, do you not?—That was the point.

4578. In what do you consider that these advantages consist?—The three great advantages which we think our local notes are to the public, are their ready exchangeability, their freedom from risk of forgery, and the facilities which they give to small transactions, and the beginnings of trade.

4579. How is the ready exchangeability of local notes an advantage?—They afford a currency which is locally exchangeable in all parts of England where they exist without charge to the holder; and that is not confined to the towns where there are banks, but is extended to villages throughout most of the districts of England.

4580. How many local centres of issue are there?—One hundred and sixty-seven.

4581. How many banks or agencies are there connected with them?—There are between 800 and 900 offices where notes can be exchanged as a matter of business, without counting sub-agencies, which are not branches, but at which there are arrangements with persons in another line of trade.

4582. In the villages where there are no branch banks, are the local notes readily exchangeable?—In the villages where there are no branch banks, the notes are practically exchangeable without charge, because the persons who change them can get them readily exchanged at the market town which they frequent.

4583. Are the local notes liked in rural districts and much appreciated in the towns?—They are, because of their ready exchangeability, and they are used very much by persons requiring change for retail trade and the payment of wages.

4589. Are not the Scotch issues national issues, rather than local issues, being payable only at the head office of the banks; and are they not as readily exchangeable in the provinces of Scotland, as English local notes are in England?—It is quite true that they are, to that extent, a national issue, and that they are as readily exchangeable as English notes are in the provinces. But there are three reasons for this, which would not apply to an increased issue of the Bank of England. In the first place, there are branch banks in Scotland, practically, everywhere. In the next place, though the larger notes are readily exchangeable, it is not into coin, but into £1 notes, which, in their turn, seldom require to be exchanged; so that the amount of gold kept for the purpose of exchanging the notes is very small, £1 notes being, practically, as convenient as gold. The third point is, that the notes not being considered as issued while they are in the tills of the bank, there is no loss of interest upon them while held in reserve, as there would be to the Bank of England on the amount of gold which it would have to hold at its branches to make its notes convertible.

4590. If the Bank of England were to issue £1 notes, would they not be able to give the same facilities?—I think not, because those £1 notes would probably be issued against gold; and from the system of keeping the Bank of England accounts, and not allowing the amount which is held in reserve to be held without loss of interest, the £1 notes which were held in the branches would be just as costly to keep as sovereigns.

4591. Have you anything more to say upon the exchangeability of the notes?—I think it is obvious that it is a practical convenience to provincial trade that there should be a currency which is readily exchangeable; and that unless some other great public advantage were to arise from its abolition, it would be, at all events, a doubtful policy to substitute in its place an issue which was not so readily exchangeable.

4592. The second point which you mentioned was the freedom of local notes from risk of forgery; will you explain that?—The question of the freedom of local notes from risk of forgery is one which is made a great deal of in almost all the country districts of England. It may not be felt largely in the large towns, but it certainly is made a great deal of in the country villages. The free-

dom of the local note from the risk of forgery is readily explained by the fact that its genuineness can at once be determined by presenting it at the issuing bank. Again, supposing that a forgery was contemplated on a bank of issue if it were on a local issue, the forged notes would have to be circulated in the very district where they would be most easily detected ; many days could hardly pass before a forged note would find its way to the local bank, and the public would be made aware that a forgery had been committed ; but with a single issue that does not apply, because the forged note would probably be circulated in an outlying part, more distant from the office where the forgery would be readily detected. That is well known by the public, and the constant practice of the public in the agricultural districts is, that whilst they will take a local note without much scrutiny, and without taking its number, they will always take the number of a Bank of England note, and frequently write the name of the last holder upon the back of it.

4593. Do you think that the risk of forgery would be increased if the denomination of the notes was lower ?—I should think that a £1 note issue would be more liable to forgery than a higher issue.

4594. What is your third point ?—The third point was the facilities which the local notes give to small transactions which form the beginnings of trade. It will be, perhaps, most easily explained by giving a few practical instances. I have taken the case of my own county, and I have put down four instances out of many that might be brought forward as showing how the local issue works in facilitating the small transactions of country markets in Hertfordshire and Bedfordshire. Small plait dealers buy plait from country people in the villages or country markets, paying cash for it, and they will sell it to the wholesale plait dealers or manufacturers, who pay them in cheques ; though not having banking accounts, they are able to bring these cheques to the issuing banker, who gives his notes in exchange without charge ; before the next market-day the dealers bring the notes to the bank for change into cash, often including several £5 packets of silver, and with this they make fresh purchases, and so on from week to week ; that is an instance of the way in which the smaller transactions of banking are carried on for the public without charge by means of the issue of local notes ; if there were no local issue we should have to charge a commission upon all those cheques. The same thing applies to small farmers, stock-dealers, and butchers, and others in the villages, who, having no banking accounts, send, in the course of their trade, little lots of live stock or meat for sale by the meat salesmen in Smithfield Market, and those London salesmen send down their cheques on London banks in payment ; these again are cashed by the country banker for the holder of them without charge with country notes. The same applies to poultry-dealers who send up poultry and eggs to London ; and market gardeners are another class in my own district

who send their produce to distant markets, even as far as Manchester, receiving cheques on Manchester banks in payment, which cheques are brought to the bank and cashed without charge for them though they are not customers.

4595. Small shopkeepers in many of the English villages keep a certain amount of cash with which they accommodate the customers of banks by paying their cheques, do they not?—Yes. The beginning of the business of banking in the little villages is by some shopkeeper, perhaps the chief shopkeeper in the village, exchanging almost anything that comes into the village, whether cheques on our banks or bank-notes, for whatever cash he has in his till; he does it without charge, knowing that he can take all those cheques to the issuing bank in the next town, and have them exchanged without charge again for local notes, with which local notes he makes his purchases.

4596. To what extent do you yourselves give these facilities of cashing cheques on other banks without charge?—I took out the particulars of one of our banks, the bank in Hitchin, Hitchin having from 8,000 to 9,000 inhabitants; and I found that, taking the average of the last four months as a criterion for the whole year, the number of cheques that, on market days alone, we cash at our Hitchin branch without any charge, is somewhere about 3,000 per annum.

4598. Does this practice extend to other districts as well as your own?—It extends with certain exceptions to all those districts in England where the issues, being considerably within the authorised issues, are available for the purpose. It will readily be seen that where the issue of a bank is up to its limit, and there is considerable difficulty in keeping it within its limit, those facilities would be the first to be left off. If you draw a line across England by about Lincoln, you may say that, with a few exceptions, it applies to the whole districts south of that, those exceptions being partially the eastern counties of Norfolk and Suffolk, and a district in Leicestershire, where there is a branch of the Bank of England, and a district round Birmingham, where there is also a branch of the Bank of England; and Wales, and Cornwall, and parts of Devonshire, and a small district round Portsmouth. With those exceptions it applies to almost the whole of the agricultural districts in the southern and midland counties.

4599. What do you consider would on the whole be the disadvantage to the public in the transfer of your issues to the Bank of England?—I think that it would impede the currency of cheques in the country markets; that it would tend to make more difficult the first transactions of business in the country markets; and, in fact, that it would be practically a tax upon the small transactions of those persons who, from whatever cause, whether from their want

of education or from the smallness of their transactions, do not think it worth while to keep banking accounts.

4600. It would impose a new tax upon those parties, and, you think, cause some discontent?—It would cause a great deal of discontent so far as it extends; I do not know that in these matters it would be felt very much by the larger dealers and merchants of the country, but it would be felt very much indeed by the smaller ones.

4601. Then, your reasons for wishing to retain the present system of issue which is enjoyed by the banks in England is, that their notes are readily exchangeable even in the rural districts, that they are not easily forged, and that they free small transactions from charge?—Yes.

4602. And you think that in the case of any change of our system of issue the notes would not be so readily exchangeable, that they would be more easily forged, and that they would not afford the same facilities to small transactions?—Those are the chief points.

4604. Can you state what would be the gain to the State if the whole of the existing note issues were absorbed in that of the Bank of England under the provisions of the Act of 1844, with regard to the surrender of issues?—The facts lie in a very small compass. Under the Act of 1844, the State is entitled to claim from the Bank of England the net profits of any additional issues of its notes in lieu of country issues lapsed or surrendered. We can take the precedent of 1855 as a measure of what took place when £475,000 of additional issue was granted to the Bank of England in lieu of £712,000 of country issues, which had lapsed between 1844 and that time. The Treasury Minute which relates to that transaction is as follows: “The Chancellor of the Exchequer directs the attention of the Board to the provisions of the 5th section of the Bank Charter Act of 1844 (7 & 8 Vict., c. 32), which provides: ‘That if any banker who, on the 6th day of May, 1844, was issuing his own bank notes, shall cease to issue his own bank notes, it shall be lawful for Her Majesty in Council at any time after the cessation of such issue, upon the application of the said Governor and Company, to authorise and empower the Governor and Company to increase the amount of securities in the said issue department beyond the total sum or value of fourteen million pounds; and thereupon to issue additional Bank of England notes to an amount not exceeding such increased amount of securities specified in such Order in Council, and so from time to time; provided always, that such increased amount of securities specified in such Order in Council shall in no case exceed the proportion of two-thirds the amount of bank notes, which the banker so ceasing to issue may have been authorised to issue under the provisions of this Act; and every such Order in Council shall be published in the next succeeding ‘*Londoh Gazette*.’” The Chancellor of the Exchequer being of opinion that

the time had arrived when the power of making the additional issue of notes against securities contemplated by the above clause might properly be applied for, acquainted the Governor and Deputy-Governor of the Bank of England, on the 22nd November last, that Her Majesty's Government would be prepared to advise the issue of an Order in Council to sanction the issue of additional bank notes in the event of the bank making the proper application for that purpose. The Governor and Company of the Bank of England having made such application on the 27th November, 1855, it was submitted for the consent of the Queen in Council; and on the 7th December, 1855, an Order in Council was passed authorising an additional issue of bank notes to the extent of £475,000. As the consequence of this Order in Council, it became necessary to consider in what way the provisions of the 9th section of the Act (7 & 8 Vict., c. 32), as to the payment to the public of the net profits of the additional issue, should be brought into operation. The Chancellor of the Exchequer states to the Board that he has been in communication with the Governor and Deputy-Governor of the bank on this subject. It appeared to him that as many of the charges connected with the issue department were common to the general business of the bank, and could therefore only be calculated by approximation, it would be more convenient to follow the precedent of 1844, and to agree upon a fixed sum to be paid annually to the public, which might be added to the annual allowance of £180,000 made by the bank under the provisions of the Act of 1844, in diminution of the charge for managing the public debt. The principle upon which the Chancellor of the Exchequer proposed to the bank that this additional allowance to the public shall be calculated, is as follows: The average net annual profit of the issue department, before any payment is made to the public, being on an average of years, 2 per cent. on the issue of £14,000,000, the public is entitled to that rate of profit on the full amount of the additional issue of £475,000; namely, £9,500 per annum; subject to a deduction in accordance with the provisions of the 24th section of the Act, 7 & 8 Vict., c. 32, for composition now paid by the bank to bankers who have discontinued their circulation since the passing of that Act, amounting to £1,422. Leaving a net profit payable to the public of £8,078.

4605. What would be the result of the transfer of the existing local issues on the same terms?—Taking the same terms the figures would be as follows: The total authorised issue of existing country banks being taken as £6,500,000, and the actual circulation as £5,000,000, the Bank of England would be authorised to issue two-thirds of the authorised issue against securities, viz., £4,340,000; 2 per cent. upon this amount would give a net profit of £86,800 per annum; but the State would lose the amount of the 7s. per cent. duty, which is now paid on the actual issue of £5,000,000, which amounts to £17,500, and also part of the license duty, say £15,000,

making a total deduction of £32,500. There would, therefore, remain only £54,300 out of which to make compensation to bankers for the compulsory surrender of their issues. And as the 1 per cent. contemplated by the Act of 1844, as the amount of compensation on the voluntary surrender of issue by country banks, would pretty nearly sweep away the whole of that, and as this amount has not proved sufficient compensation to induce banks, except under very peculiar circumstances, to accept it, probably a very much larger amount would be required for compensation upon the compulsory surrender of country issues. It is therefore difficult to see how anything would be left to justify the assertion that the extinction of the country banks' issue and its transfer to the Bank of England would be a source of revenue to the State or relief to the taxpayer.

4606. Will you explain the nature and value of local issues to local issuing bankers?—The value to the country issuing banker of the issue is not at all, as is often supposed, its being a monopoly; the country issuing bankers value their issue far more than they would value a similar amount of deposits, because by the abolition of the issue they would lose not only the interest realised on the amount in actual circulation after deducting stamp duty, licenses, and expenses, and also the interest saved on the amount of unissued notes kept behind the counter ready for issue, instead of coin, or Bank of England notes; but they would also (and this is really the chief disadvantage) lose that power of accommodating their customers and others in small transactions which, especially in the rural districts, is intimately interwoven with their business and conducive to its success. If it had merely been a monopoly of a certain amount, then probably it would be simply a question of compensation in case of its withdrawal; but seeing that it does enter into their mode of doing business, and that it is so interwoven with it that it enables them to give facilities to their customers which they could not otherwise give, the feeling of the country banks is that if any change were made, at all events, all these points ought to be thoroughly taken into account, and that no substitute for local issues would really be satisfactory either to them or to their customers, unless it afforded the same kind of facilities as are now afforded by their local notes; and not only as regards the larger transactions of trade, and the larger centres of trade, but especially as regards the small transactions of business in the agricultural and rural districts.

4607. Though the issuing bankers are under disadvantages by the restrictions in the Act of 1844, did they not accept them as a final settlement of the question of issues, giving them the power to retain the issues that they had with the restrictions?—They did.

Chairman.

4618. Other banks which have been established since 1844 are deprived of this which you call a common law right, are they not?—

They never had it. There is a peculiarity with regard to an issue in that it cannot be suddenly created; it has grown up with a certain business, and I imagine that the notes which are now under issue by any particular bank are really that amount of local issue which is required by the customers of that particular bank, and those who have dealings with them; and that, even in a district where there is only one issuing bank, if there were another issuing bank started to-morrow, it would be a very long time before that new bank of issue would attain any large circulation. I do not think that it would be possible to increase the total circulation in the neighbourhood, and that therefore it must either get its portion into circulation by the withdrawal of Bank of England notes, by the withdrawal of the local notes of the local bank.

4622. Supposing that the privilege of issue was to be given suddenly to such banks as are now carrying on business throughout England, which have not the privilege of issue, such, for instance, as the National Provincial Bank, which I think has lost it, the London and County Bank, which I think has it not, and other banks of that character, do you think that the country bankers would have anything to complain of or that they would suffer at all from that competition?—Again, I have no right to speak for the body of bankers, but, personally, I certainly should say that we ought not to any great extent to fear such an extension of the right of issue. I think its practical effect would be very gradual; that it would withdraw somewhat from our circulation, but that it would withdraw a great deal more from the circulation of the Bank of England, because, as I have already stated, I think the circulation, for instance, of my bank, is just that amount of circulation which the transactions of its customers, and those that deal with them, require.

4625. I still want to get as good an answer as I can to my question, which is whether, in the first place, you can distinguish between the case of the Scotch banks and the case of the London and County Bank, and the National Provincial Bank, and others obtaining this right to compete with you in point of circulation; and, secondly, whether you would consider that the general opening of the right of issue to all the English banks would be a disadvantage to the banks which now have the privilege of the monopoly of issue in England?—I think, in the first case, the competition to which we should be exposed would be the competition of an additional number of banks. In the second case, it is simply the question of whether existing banks which have not an issue now would compete with us unfairly if they had an issue. I think what I have said before would be an answer to the first question. With regard to the second question, personally I should say that we should not fear the additional competition; I think we have no right to be placed in a position of monopoly, and therefore it would be very ungenerous of us to wish to exclude our neighbours from receiving the same privileges as we have.

4626. Then if the State were convinced that it was an advantage that banks should have the right of issue, and if those banks which have it not were to complain of their being thereby deprived of the possibility of contending with you upon equal terms, you would have no objection to raise to the State giving them that privilege which they might desire?—Personally I should not. I should expect to lose something by the transaction, but nothing like so much as I should lose by the withdrawal of the issues.

4629. But you, as I understand, tell us that you cannot get this business profitably unless you have the advantage of carrying it on with notes of your own; that if you were carrying it on with Bank of England notes, you would not be able to do it so advantageously as you do now?—We should have to change the character of our business, and make a great many charges for things which we do now for our customers and others without charge. In that way we should introduce a new system of banking, and we should require many years to get over the change comfortably.

4634. Supposing that Parliament were convinced that it was desirable to encourage the extension of these banks for the purpose of giving greater facilities, you would not consider that you have such a right as should enable you to stop Parliament from so acting?—I should not personally consider that we had.

4635. If Parliament took the converse view, and instead of saying, "It is desirable to extend the right of issue to banks which have not got it," said, "It is desirable to take away the right of issue from all banks, and to carry on the currency of the country through some different system" (say by means of a State issue, or anything else), would you contend that you have such a right as would entitle you to say, "You cannot in equity do this"?—I think so.

4636. Why?—Because our business has grown up out of the power of issuing; the power of issuing is essential to that line of business which has come into our hands through the growth of our bank in a particular way; and to take that suddenly away would be to inflict an injury upon our bank which I do not think the State would have any right to do without great grounds of public policy and without compensation.

4637. Supposing that it made compensation, I understood you to say that no amount of money compensation would really meet the case?—It really would not meet the case.

4638. I do not quite understand why not?—Because, instead of doing things which we do for our customers for nothing through our note issue, we should have to put a tax upon the small transactions of our own market, which would be a very disagreeable thing to do, and very inconvenient especially for us to do.

4646. Have you turned your attention to any of the other disadvantages or restrictions which are imposed upon banks of issue,

such, for instance, as the inability to come to London, and the inability to extend their partnership, or to amalgamate, without losing their right of issue?—With regard to coming up to London, I believe there is nothing in the present law to prevent private issuing bankers coming to London without surrendering their issues.

4647. Private bankers, however, are unable to convert themselves into joint-stock companies, or to increase the number of their partners beyond six, without losing their right of issue, are they not?—They are.

4648. Do you consider that any disadvantage?—I think it is an unwise law and an interference with trade, which really produces no good; but I do not think that it has often been found to be of much practical disadvantage.

4649. Supposing that the limit were taken off, do you think that the bankers would, to any extent, avail themselves of the privilege of amalgamating?—No doubt, in certain instances, they might.

4651. Do you think that the issuing bankers would like to be allowed to issue notes upon gold, over and above their authorized issue?—Speaking for the bankers rather more in the south of England than in the north, bankers south of a line east and west of Lincoln are so far within their authorised limit that, even if they had the power, they could not exercise it.

4652. Why are they within their authorised limit; is it for fear of exceeding the limit inadvertently?—No, it is in the natural course of business. The origin of banking in the country districts was very much banking through the issue of notes. The place of that old system of banking has been gradually supplied by the modern system of keeping current accounts and drawing cheques, and as the one has increased the other has diminished.

4654. Do you think that there would be any objection on the part of private bankers or issuing bankers generally, to give security for their issues?—It is not a question upon which they are at all unanimous. The practical difficulty in discussing the question of what sort of security could be given seems to be this: that it is very difficult to devise a security which should not be double in its action. For instance, supposing that consols were deposited in London against the issues, that still would not obviate the necessity of holding a certain amount of cash in the country to meet the note issue; and therefore it would be locking up a larger amount of money than the issue would really sustain.

Mr. Goschen.

4655. That objection would not apply, would it, if a portion were represented by securities deposited with the State?—No, I think not.

4656. Would that be a desirable measure?—Personally, I should be decidedly in favour of the deposit of some sort of security.

4660. Would you admit that the public advantage required stringent measures to be taken to secure the safety of the bank note?—Yes, I think that the need would justify the action.

4661. Is it a need that must exist, and a duty that must exist, in all countries where private issues are allowed?—I do not think that I should state it quite so broadly as that. There is no doubt that it has been a very great disadvantage in times past that the note issue has not been secured; but I think it is becoming less and less of a disadvantage, from the very small proportion of the issue to the total liabilities of banks.

4665. You would not complain that your rights were invaded if Parliament should require private bankers to make large deposits of securities, for example?—I think it would become a question of degree. If it inflicted a large loss upon a banker then I think it might become a question of compensation; if it was done moderately, I do not think that there would be any requirement of compensation.

4667. Do you consider that the present state of the private issues of the country is satisfactory?—I should think so. Of course it is not satisfactory that there are any failures amongst bankers, but I think that since 1844 the failures have not been very numerous, and that certainly the condition of banking is much better than it has ever been before, so far as I can judge.

4668. If there were any changes made in the legislation affecting private bankers, do you think that it would be wise for Parliament to look to the security of bank notes?—I should say it would.

4672. You have a certain amount of additional capital at your disposal through the issue of notes, and they have a certain amount of capital at their disposal for which they pay a moderate interest; would that be a fair description?—Yes, but the amount of capital which is brought by issue to a bank is so exceedingly small in proportion to the whole capital of the bank, that I should think that it was not at all taken into account in the transactions of the bank as to charges, or anything of the kind.

4673. You value it more for the convenience, and for the facilities that you are able to give to your customers by it, than for the additional amount of capital that you get which costs you nothing?—Yes, with this limitation, that it is certainly a very great saving of capital, having it in our tills instead of gold. When the two are added together, you would probably get an amount which would be appreciable. That would pretty nearly double it.

4678. It is in the beginnings of the accounts, through the small transactions of the market as you express it, that you have the advantage?—It is so.

4679. Will you explain how that is?—By being able to cash cheques in the market. Persons holding those cheques bring them to us to be cashed; they take our notes in exchange, and hold a certain amount of our notes in their pockets from week to week, which is exactly the same thing to us as a very small deposit. As the business grows larger, they will bring these notes and pay them in, and open a banking account, and draw cheques.

Mr. Hubbard.

4694. I think I understood you to say that country bank notes are practically exchangeable all over England by banks, irrespective of their being connected with the issuing bank itself?—No, not exactly that; they are practically, wherever there is a local issue, exchangeable from the fact that the shopkeeper, or whoever it is who exchanges them for the public, can bring them to the market town that he goes to, and get them exchanged without charge, into whatever he likes.

4705. You stated, did you not, that the Act of 1844 left, as you imagined, the position of the right of issue in a condition which may be considered final?—Of course there is no real finality in anything. An Act of Parliament can do anything, but it was considered to be a final bargain, as I have understood, by the country banks.

4706. Are you aware that under the 24th section of the Act of 1844, the Bank of England were authorised to compound with issuing banks, giving to them a commission or composition of 1 per cent. upon the amount of their issue?—Yes.

4707. Do you know how long that composition was calculated to last?—In the terms of the Act, it was to last as long as the monopoly of the Bank of England.

4708. Will you allow me to draw your attention to the next section, section 25: "And be it enacted, that all the compositions payable to the several bankers mentioned in the schedule hereto marked (C), and such other bankers as shall agree with the said Governor and Company to discontinue the issue of their own bank notes as aforesaid, shall, if not previously determined by the act of such banker as hereinbefore provided, cease and determine on the 1st day of August, 1856, or on any earlier day on which Parliament may prohibit the issue of bank notes;" is not that a distinct declaration that even the arrangement of this composition was limited in the first instance to 12 years as the extreme limit, with the opportunity of even a speedier cessation of the arrangement; and does not that clause distinctly intimate the power of the legislature to terminate the rights of issue whenever they choose?—I know that clause, but the view I have taken of it was simply this: that that date which is given there is the date, I think, of the expiration of the Act; that if there had been no further legislation, the Bank of England itself would have lost its monopoly at the end of that time, and that the two were expected to be continued together.

THURSDAY, 17TH JUNE, 1875.

Mr. FREDERIC SEEBOHM, recalled; and further Examined.

Mr. *Backhouse*.

4713. Do you desire to give any further explanation in reply to the Question (No. 4708) of the right honourable gentleman the member for the city of London, with regard to the power of the legislature to terminate bankers' rights of issue?—I stated shortly that my view was that the arrangement of the 1 per cent. made to those banks who had given up their own issues, and taken in their places the issue of the Bank of England, was intended by the Act of 1844 to continue as long as the privileges of the Bank of England continued. The clause in the Act of 1844 to which the right honourable member alluded, was clause 25, which contains the provision that these compositions are to cease and determine on the 1st day of August, 1856, or on any earlier day on which Parliament may prohibit the issue of bank notes. I could not on the spur of the moment find the clause which fixes the same date as the date when in its natural course, the extension of the privileges of the Bank of England under the Act of 1844 would cease. It is the 27th clause which continues the privileges, "subject nevertheless to redemption upon the terms and conditions following; that is to say, at any time upon 12 months' notice, to be given after the 1st day of August, 1855," the privileges were to cease. That was the common form used in, at all events, one previous statute; and my understanding of it was that the date of the 1st of August, 1856, for the termination of the 1 per cent., was fixed as being the same date as the expiration of the 12 months' notice, if that notice had been given on the 1st August, 1855. As it happened notice was not given, and consequently if no other legislation had been made the 1 per cent. would have ceased; but inasmuch as the privileges of the Bank of England were continued, in 1856 a special Act of Parliament was passed (19 & 20 Vic., c. 20) which recites these sections, and then enacts that 7 & 8 Vict., c. 32, s. 25, should be repealed; and the second and only other section of the Act is as follows: "All the compositions payable under the said Acts, as amended by this Act, to bankers who have discontinued, or who shall agree with the said Governor and Company to discontinue, the issue of their own bank notes, shall, if not previously determined by the act of such bankers, as by the said Act provided, and unless Parliament shall otherwise provide, continue in force and be payable until Parliament shall prohibit the issue of bank notes, as defined by section 28 of the said recited Act, or until the exclusive privileges of the said Governor and Company mentioned in section 27 of the said Act shall be determined in pursuance of such section, or other-

wise be determined or altered by authority of Parliament." So that as regards the practical position at the present time, I think I was right in the view that they extend as long as the privileges of the Bank of England extend.

Chairman.

4714. The question was put to you rather with reference to a statement which you had made, that at the time that the Act of 1844 was passed it was supposed to settle the question, as far as anything could finally be settled, with regard to the position of the country bankers. The legislation of 1856 could not then have been foreseen, I presume?—But I think it hardly would have been gratuitously given to those banks, unless it had been considered to be within the understanding of 1844.

4715. Then you consider that the Act of 1856 throws light upon the intentions of the Act of 1844?—I think that it carries out the probable intention of the Act of 1844, and that without it a part of the Act would have fallen. The fact that this Act was passed to continue the 1 per cent. may surely be taken as indicating that it was intended that the 1 per cent. should last as long as the privileges of the Bank of England. At least that was my view.

Mr. Beckett Denison.

4716. I think the gist of Question 4708 is contained in the last sentence: "Does not that clause distinctly intimate the power of the legislature to terminate the rights of issue whenever they choose"?—In reply to that I should say that it has actually the same right to terminate the issue of the Bank of England that it has to terminate the country issue.

Sir John Lubbock.

4720. When you receive cheques from other bankers for payment, you make no charge for commission, do you?—They pass through the clearing-house without any charge for commission.

4721. And you yourselves can collect drafts drawn upon bankers in any part of England, through the country, clearing free of any commission, can you not?—We can.

4722. On the other hand, if you receive a cheque drawn upon any Scotch bank, you are then subject to the Scotch charge for commission, are you not?—Yes, that is so.

4723. In fact, the Scotch banks make the English banks pay them a commission upon all such transactions?—Yes.

4724. Can the English banks under existing circumstances help paying that commission to the Scotch banks?—No, I do not see that they can. The monopoly of the Scotch banks places them in the position of saying that all cheques drawn upon Scotland, which have to come to Scotland for exchange, can only be exchanged by

themselves, and therefore they have the power of putting any commission that they choose upon them, provided that they are agreed amongst themselves and act in concert.

4725. So that, in fact, an Englishman in business having to receive money from a customer in any part of England, can collect that money free of charge, whereas if he has to receive money from Scotland he has to pay a commission to the Scotch bank?—That is so.

4731. Of course it would be unfair that any undue advantage should be given to one bank over another, in the form of a subsidy; that in itself would give the bank a considerable advantage, because it would be equivalent to the enjoyment of capital upon lower terms; but I understand you to maintain that the Scotch privileges are much more serious and quite different, because the monopoly which they have enables the Scotch bankers to, in fact, levy a tax upon the English bankers upon every transaction which one of the English banker's customers has with Scotland?—Of course a subsidy would, *pro tanto*, have the effect of giving the bank that was subsidised some sort of advantage over the bank that was not. But in the case of the Scotch, the greatest difficulty is, that the subsidy is not only a subsidy, but one which has enabled them to make themselves into a tight monopoly.

Mr. Beckett Denison.

4738. I wish to refer you to Question 4654, as to private bankers giving security for their issues; will you explain to the Committee a little more fully than your answer to that question does, what your ideas upon that subject are?—I stated that the practical difficulty in discussing the question of what sort of security could be given seems to be this: that it is very difficult to devise a security which shall not be double in its action. What I meant was this, that if the security be lodged in London against the note issue, it would not prevent a certain amount of gold or legal tender being held in the country to secure the convertibility of the notes, and that, therefore, if the security were lodged to the whole of the amount, it would be practically locking up funds which ought to be available for making the note convertible in the locality where it is issued.

4739. But you go on to say, in answer to the next question, that there would be no objection if a portion of the note-issue were represented by securities deposited with the State. Upon that I wish to ask you what would be the advantage of part of the issue being secured, and the other part not being secured; how do you propose to ear-mark the securities or to ear-mark the notes?—The question asked, as I understood it, was whether the difficulty would not at all events be partially, if not altogether, removed, were securities deposited against only a portion of the amount. Perhaps I may have answered the question rather too broadly in saying,

“No, I think not.” “It would be *pro tanto* removed,” would be a better answer to the question.

4740. You mean that the double action would be removed?—I mean that the double action would be removed.

4741. But as regards the security of the note, what would be the advantage of having a portion secured and portion unsecured?—That, I think, I must refer to the questioner. I was not speaking at the moment on the ground of public policy, but answering a question whether bankers would object to it.

4742. But would not the system, supposing that it were introduced, be very much what we now find in Scotland, that is to say, that although the Scotch bankers can issue an extra amount of notes against gold, in point of fact the gold is not ear-marked, and the whole of their liabilities are just as much covered by that gold which they issue against the notes as the notes themselves are?—I think it would; I think that the security of the note would require something further than the deposit of a portion of securities against a portion only of the issue. Possibly the remainder of it might be made a first charge upon the assets. I do not know at all what was in the mind of the right honourable gentleman when he asked the question.

Mr. Anderson.

4745. With regard to Bank of England notes, I think you said that the notes issued at the branches were only payable at the branches?—There is a clause in the Act of 1833 upon the subject which, I believe, has fixed the practice that they shall only be made payable at the branches at which they are issued; my answer had reference to the practice; I believe it to be the practice of the branches of the Bank of England to cash at the counter without charge only those notes which have been issued at the branch itself.

4746. Are the notes issued at the branches legal tender all over England?—I am afraid I cannot answer that question off-hand; I rather presume them to be so.

4747. Is the restriction about paying them only at the branches where issued a restriction which is carried out in practice, or is it only a legal power?—It is carried out in practice; my evidence upon that point was not in the slightest degree intended to raise any complaint against the Bank of England, but I simply introduced it by way of showing that a single issue, so far as I could see, could not be made payable everywhere. Since I was here before I have verified one of the statements that I made by asking one of my informants to put the real facts of the case in the form of a letter. The answer to my request is: “You are certainly accurate in saying that to the Select Committee, that at the branches of the Bank of England their notes issued at other branches are not cashed without

charge; for instance, we have not unfrequently needed to procure gold for wage payments in this district, and we have often sent over to the Manchester branch of the Bank of England to obtain a supply of gold; we are, as a matter of course, required to present only the notes of that one branch, and for notes of London issues or any other branch than Manchester, gold has been or would be uniformly refused; indeed it could scarcely be otherwise, as the Bank of England could not be expected to keep gold at any one branch to pay the notes of all its other branches." This is from Mr. Barber, who is the managing director of the Sheffield Banking Company.

4748. Is it not an extraordinary arrangement, in your opinion, that a note which is only payable at one branch in one locality in the country should be a legal tender all over England?—I should hardly like to answer that question without having first ascertained that it is so.

4749. But you have ascertained, I think, that it is so in practice; and it would hardly be so in practice, would it, unless it were according to law?—My impression is that there is no distinction in that respect between the issue at the head office and the issue at the branches; 3 & 4 Will. 4, c. 98, s. 4, enacts that all notes of the Bank of England, payable on demand, "which shall be issued at any place in that part of the United Kingdom, called England, out of London, where the trade and business of banking shall be carried on for and on behalf of the said Governor and Company of the Bank of England shall be made payable at the place where such promissory notes shall be issued." The 6th section is as follows: "And be it further enacted, that from and after the first day of August, 1834, unless and until Parliament shall otherwise direct, a tender of a note or notes of the Governor and Company of the Bank of England expressed to be payable to bearer on demand shall be a legal tender, to the amount expressed in such note or notes, and shall be taken to be valid as a tender to such amount for all sums above £5 on all occasions on which any tender of money may be legally made, so long as the Bank of England shall continue to pay on demand their said notes in legal coin: Provided always, that no such note or notes shall be deemed a legal tender of payment by the Governor and Company of the Bank of England or any branch bank of the said Governor and Company; but the said Governor and Company are not to become liable or be required to pay and satisfy, at any branch bank of the said Governor and Company, any note or notes of the said Governor and Company not made specially payable at such branch bank; but the said Governor and Company shall be liable to pay and satisfy at the Bank of England in London all notes of the said Governor and Company, or of any branch thereof." I think the justification for this would be, that whilst the notes issued at the branches of the Bank of

England are legal tender, they are so because they really are payable at the London establishment as well as at the branch bank.

4756. I think you said also that the issuing banks having their issue taken away on compensation, would be an unsatisfactory arrangement?—It would be an unsatisfactory arrangement, because it would inflict a pecuniary loss upon the small traders, and in that way it would discourage small transactions and the beginnings of trade; and also because it would be the substitution of a less efficient local currency for one which is practically efficient at the present moment.

4766. What would you say about the issue of £1 notes?—I should object to the issue of £1 notes upon the grounds of public policy.

4767. Will you state those grounds?—The historical position of £1 notes in England, I think, is the great reason that I should go upon. It is a mistake to suppose that £1 notes were for the first time abolished in 1826; they were abolished long before; as early as 1775, the Act of 15 Geo. 3, c. 31, has this preamble: "Whereas various notes, bills of exchange, and draughts for money for very small sums, have for some time past been circulated or negotiated in lieu of cash, within that part of Great Britain called England, to the great prejudice of trade and public credit, and many of such bills and draughts being payable under certain terms and restrictions, which the poorer sort of manufacturers, artificers, labourers, and others cannot comply with, otherwise than by being subject to great extortion and abuse; be it therefore enacted, that all promissory or other notes, bills of exchange, or draughts, or undertakings in writing, being negotiable or transferable, for the payment of any sum or sums of money, less than the sum of 20s. in the whole, which shall be made or issued at any time, from and after the 24th day of June, 1775, shall be, and the same are hereby declared to be, absolutely void." Then in 1777 there was the further abolition of notes under £5 under the terms of an enactment which stated that all promissory notes between £1 and £5, must be payable to order at less than 21 days' date, and not transferable after the expiration of the time, and also that they must be signed and endorsed before a witness. Those two Acts constitute the first abolition of small notes in England, and it was not until the suspension of specie payments that these Acts were interfered with, and then great care was taken to prevent the suspension from being considered in any way a revival of the system of £1 notes. The effect of those Acts was, that the £1 notes were allowed first from year to year, and then at last till the end of the war, and then, when that came, till two years after the resumption of specie payments. Then in 1826, after the period of the suspension of specie payments had been got over, the legislature (I think wisely) resorted again to the re-abolition of notes under £5, and so it has continued down to

the present time. I think that the habit of the people of England has now become so connected with doing their small transactions in coin, that it would be a great pity to interfere with it. At the same time, if it had not been that for such a long number of years £1 notes had been practically abolished, and if they were now in England as they are in Scotland, the habitual currency of the country, it probably would not be wise to interfere with them.

4772. Is there not a great loss of interest in using £100,000,000 of gold in the pockets of the people that might be saved?—I think that £100,000,000 without interest is not a very large insurance to pay for the currency being in a right position, and exactly the same argument might probably be applied against the loose monies held in reserve by bankers, that there is a great loss of interest upon them. It becomes a question of where you are to stop in economising the loose money of the country by banking.

4787. You have no suggestion to make as to restrictions to which you would like to be quit of, or as to others which you think ought to be imposed upon issues?—No, I think not; the only restriction which, as I observed in my former evidence, private bankers are under, which I think is unwise, though perhaps not of any great importance, is the restriction to six partners; and I never could see any justification in reason for it, but at the same time I do not think that it is one which acts very hardly upon them.

4788. Does not the restriction of not being allowed to exceed your authorised circulation on a backing of gold prejudice you?—It does not prejudice those banks which are, as in the case of my bank, very much within their authorised margin.

4789. Then you have no wish to see any change made in that respect, such as adopting the Scotch system and the Irish system of allowing any quantity of issue, provided that there is a gold backing for it?—I think not. At the present moment the English currency is very much in that position; the gold held by the banks of issue being very much in the same proportion to the issue that the gold held by a bank of issue in Scotland bears to their issue.

Mr. Beckett Denison.

4790. Have you any knowledge of the Bank Issue Bill which was promoted in 1865, and which failed to pass through Parliament?—Yes.

4791. Did you take part in the discussion of that Bill?—I did.

4792. Will you read the 5th clause of that Bill?—"There shall be repealed, so far as respects any bank of issue undertaking to pay such per-centage on its issue of bank notes, as is hereinafter mentioned, any provision of any Act of Parliament, whereby the number of partners in certain banks of issue is restricted to six, or whereby certain banks of issue are prohibited from having a house of business or establishment as bankers in London, or at any

place not exceeding 65 miles from London, or whereby banks of issue are prohibited from issuing or re-issuing, or making payable, bank notes in London, or at any place not exceeding the distance of 65 miles from London, subject to this proviso: that nothing in this Act contained shall authorise any bank of issue to issue or re-issue bank notes within the City of London, or three miles thereof."

4793. Will you read clause 10 of the same Bill?—"Every bank that has accepted the conditions of this Act in respect of the payment of a per-centage on its issue of notes, and which bank is hereinafter referred to as a privileged bank, shall pay into the receipt of Her Majesty's Exchequer a sum after the rate of £2. 5s. by the year upon every £100 of the average amount of bank notes circulated by that bank in every quarter of a year."

4794. With regard to clause 5, do you know what objection was taken at the time to that clause?—The objection taken by bankers to the Bill was twofold: first, that the tax was too large, and secondly, they objected to any definite term being put to the date of their issue. Their feeling was, that its continuance ought to be left indefinite like that of the Bank of England issue, and that the tax should be less than £2. 5s.

4795. Then the objections were taken on totally different grounds from those which are contemplated in this clause; that is to say, that all restrictions as to there being only six partners, were to be done away with, and that the limit of 65 miles round London was to be done away with?—That Bill was brought in by Mr. Gladstone in order to prevent the National Provincial Bank of England from having to give up their issue. They had stated to him, that rather than give up their issue they would be willing to pay £2. 5s. per cent.; and that was the origin of the form in which the Bill first came forward.

4796. Then you think that had the tax upon the notes not been so high, and had the limit of 25 years not been put to the issue, the Bill would not have met with objection?—I forget the exact terms in which the Bill in its revised forms stood. Part of the body of bankers had withdrawn their opposition to it, but it was upon the understanding that words were introduced which left the end of the term indefinite, and not to come to an abrupt ending in the year 1890, or whatever the year mentioned there was.

4797. I find that I have been quoting from the Bill of 1865 as it was first published, and not as it came out of Committee, and that there is a very material alteration in Clause 10. The proposed condition was this: "Every bank that has accepted the conditions of this Act in respect of the payment of a per-centage on its issue of notes, and which bank is hereinafter referred to as a privileged bank, shall pay into the receipt of Her Majesty's Exchequer a sum after the rate of £1 by the year upon every £100 of the average amount of bank notes circulated by that bank in every half year;"

the sum stated in the original Bill being £2. 5s. Would the £1 per cent. be in your view, too onerous a charge to accept?—I have already stated that the bank with which I am connected is paying 17s. and I do not think we should quarrel over the difference of the 8s.

Mr. Orr Ewing.

4813. You stated, did you not, that the circulation of gold in England is about £100,000,000?—That is the estimate which has been mentioned.

4814. Do you know upon what data that estimate is formed?—I think that I must leave that for some other witness; I have not made it a matter of study.

4815. Are you stating it from the evidence that was given the other day by Mr. Gordon?—It is an impression which I have had in my mind for some years; I believe the original authority for it is Mr. Palgrave's *Notes on Banking*.

4816. What is the circulation of notes in England?—The total circulation of notes in England, including those of the Bank of England and the local issues, but not including the notes in reserve in the Bank of England, is about £31,000,000.

4817. Then that would make the circulation in England of gold and notes £131,000,000, would it not?—Taking those figures, that would be so.

4818. Are you aware what the circulation of Scotland is?—The circulation of Scotland, I suppose, is about £5,500,000 in notes; I do not know how much it is in gold.

4819. We have it in evidence that there is almost no gold in circulation in Scotland, and you think with the fact before you that the circulation of Scotland is under £6,000,000, that it is likely that the circulation of gold and notes in England amounts to £131,000,000?—I really cannot answer that question.

4820. The population of England is about seven times that of Scotland; if you multiply the circulation of Scotland by seven, that would bring it up to about £40,000,000; do you think that there is such a vast disparity between the circulation in England and the circulation in Scotland as a difference of £90,000,000?—I cannot answer that question, because there may be reasons for it that do not occur to me at this moment. Certainly the disparity does seem great.

Mr. Campbell-Bannerman.

4821. I do not wish to say anything in disparagement of the prosperity of your district, but I suppose you will admit that in parts of the country where trade has developed at a much more rapid rate, the bankers may have been hampered in their transactions by the limitation of their issue, although you have not suffered from that cause?—Certainly they have. As I think I

explained in the last day's evidence, if you draw a line across England east and west of Lincoln, above that line the issues are up to their authorised limits, and they are so hampered in order to keep them within their authorised limits, that they cannot give those facilities which are given in the south of England, in the way of cashing cheques without charge and so on.

Mr. Sampson Lloyd.

4865. Would it not be a disadvantage to a bank issuing its notes, which are simply private credit, like its bills, which are not legal tender, which nobody is compelled to take, and which, therefore, are not money in the true sense of the term, to have to find two capitals, one being locked up as dead money in consols or other securities which were deposited, and the other being held in its till to pay the notes when presented for gold?—It would be a certain amount of disadvantage. The counterbalancing advantage, however, would be, that there would be a certain portion of the capital locked up, and, therefore, in the case of the failure of the bank there would probably be a larger amount of assets than there would have been if that capital had remained simply un-earmarked.

Mr. Orr Ewing.

4924. Do you think that banks that take deposits give a higher rate than they should give?—I should not like to give an opinion upon what is done by other bankers, but I think that the tendency of looking to deposits, that is to say, money left at interest, as the great source of your profit, would certainly involve very great temptation to offer higher rates than were right.

4936. Is it not considered, generally speaking, that deposits are the foundation of all banking?—If by deposits is meant deposits at interest, I should say not. I think that the foundation of all banking is the collecting of the money which would otherwise be lying in the tin boxes of your customers, into one amount, and then your being able to invest or to use at interest a limited portion of that amount, taking care not to go too near the margin so as not to be able, if it is redemanded, to pay it back.

Mr. Backhouse.

4945. With regard to the questions of the honourable member, is it not a fact that the deposits in a banker's hands are of very various characters; that in one case they are floating money, which a man does not require for a few weeks; that in another case they are savings, gradually accumulated for the purpose of investment; and that a third class are deposits left for investment?—Yes.

4946. And it is only with regard to the last class that you think it is undesirable that by allowing a high rate of interest they should

be tempted to increase the amount in the hands of the bankers?—That is exactly what I mean.

4947. With regard to the two first classes, it is desirable that the amount should be increased as much as possible, is it not?—Quite so.

Sir John Lubbock.

4955. You have been asked some questions with reference to the probability of forgery in the case of £1 notes; do you not think that it is an important element in the question, that in Scotland the banks only issue their own notes, and that, consequently, the £1 notes come rapidly back to the issuing banks?—I think that makes a very great difference indeed. In the case of a single issue, the time that would elapse before the forgery was discovered, by the notes coming into the office from which they were issued, would be a most serious objection.

4958. In fact, I understand the general tendency of your evidence to be, that you consider that in order to meet the justice of the case, either the Scotch banks' privileges should be extended to all English banks, or that the privileges of the Scotch banks should be withdrawn, or that the Scotch banks should be restricted within their own area, unless they were prepared to abandon their special privileges?—Yes; I think the third is the alternative which most recommends itself to my mind. It seems to me that, being the possessors of a local issue, their banks must necessarily be of a local character; and, whilst practically there is no law to prevent private banks from coming to London, yet I should very much deprecate private banks of issue having London offices, because I think that it would tend to destroy the local character of the bank, and it is the local character of the issue which I have rather pressed as its great advantage.

The Hon. ALEXANDER LESLIE MELVILLE and Mr. JAMES SIMPSON FLEMING, called in; and Examined.

Chairman.

4967. (To Mr. *Melville*.) You are the Chairman, are you not, of the Association of Country Bankers?—Yes, I have the honour to be so.

Mr. Backhouse.

4975. Have you any statement to make with reference to the Scotch charges?—Yes. There is a prevalent idea in Scotland, and I think that it is very general, that Scotch banking is very different from English banking; that they allow interest upon deposits and current accounts, and that we do not do anything of the sort; whereas my own bank has always done it. We have been established now for 100 years, and during those 100 years we have been issuing our own notes, and we allow interest on any account that

comes if anybody likes to have interest. If a person prefers keeping a respectable balance and says he had rather not have interest for it, we give no interest; if, on the other hand, he says he would rather have interest, then we give it. For instance, Sir William Ingleby, a well-known man, said to me one day, "I understand that you allow interest to some people, but you do not allow it to me. How is that?" I said, "Well, Sir William, if we allow you interest we shall make some charges; but if we allow no interest we make no charges. But if you ask for interest, we will give it you." He said, "I do ask for interest." I said "Very well." From that time that account, which had been a very poor one before, became a very good one, because the temptation of this interest induced him to place more money in our hands. We had two large accounts come lately; one of them says, "We do not want any interest; we want to keep a good balance with you; we want you to find us cash to pay our workmen." I said, "It is one of my principles to find anybody that keeps an account with me, any sort of cash that he wants. We shall be happy to have the account upon your terms;" and that has proved a very good account. If we allow interest, we make such and such charges, and those charges are similar to the Scotch charges of which you have a table. There are some petty things there that I should never think of; such as differences which are made according to who presents a cheque; if it is a son or a servant, then they do so and so; but if it is the butcher or the baker, they do such another thing. Now I think that a cheque is a cheque, and that it ought to be paid to the amount that it bears upon its face without any charge. But we cannot manage that with the Scotch banks; and I have a case here which I will give you, for it is a strong illustration. We had upon the 15th of last month to receive a sum of £10,350 from Scotland, and it was in the Royal Bank. The Royal Bank write to us, and say that we can have it in three different ways. The solicitor who acted for our clients had this letter sent to him, and he chose his own way; and by the way he chose, it cost him £18. 2s. to bring the £10,350 to London; we get possession of it less that amount. He might have done it cheaper, but I suppose he did not like to do so because he would have had nothing to show, and I suppose he was acting for somebody else, but I do not know. The three ways were these:—(1.) Ten days' draft, and £5. 4s. for stamp interest at $3\frac{1}{2}$ per cent. (we take it at the rate of the day) £12. 18s. (2.) Seventeen days' draft free of charge, £19. 16s. 10d. (3.) Paid over in London in 13 days after receiving the money, the charge then would be £18. 2s.; those are the three. He chose, as I say, the one which cost £18. 2s. Very soon afterwards, indeed last week, I had this somewhat similar case. We had the charge of selling a property near Oxford; I sent my son to receive the deposit, and he received the deposit, which was £11,000. Most of the property was purchased by one man, who gave his

cheque upon the Union Bank of London for £6,000 or £7,000. That was paid the next day, without any charge. The rest consisted of cheques chiefly upon Parsons of Oxford, and upon other local banks there; we took those cheques to Parsons, and said, "We want them paid in London;" and Parsons said at once, "We shall be happy to do it; we will give you our cheque upon London;" and that was paid the next day. That is the way we do business in England.

Mr. Orr Ewing.

5001. You send down money to Scotland for nothing?—Yes. I should have added without charge to the receiver. If we allow no interest, we make no charge at all. If we allow interest, we make a charge of 2s. 6d. per cent. on such a case as that put of the Royal Bank, or pay in 13 days as they did. The real difference is, that the Scotch banks charge the party receiving, and we the party paying, as I explained before. We pay the full amount due, they pay it subject to deductions.

Chairman.

5001.* (To Mr. Fleming.) Can you explain the circumstance to which Mr. Leslie Melville has referred?—I shall be very glad indeed to have the opportunity of explaining the matter. I had not a distinct recollection of the particular case to which Mr. Leslie Melville has referred until he read the letter from the Royal Bank, but now I have a very distinct recollection of it. This money was paid in at Edinburgh to be held at the disposal of certain parties in England, and the Royal Bank was asked specially to send a draft on London at a short date to cover the charges. Of course there were four ways of dealing with it. There was first the way of giving a draft on demand drawn upon the Bank of England or upon one of our London correspondents, for which the charge is 1s. per cent.; that would have involved a deduction from the amount so paid to the Royal Bank in Edinburgh of £5. 3s. in order to make it available in London; but the object of Mr. Leslie Melville's firm in putting the question to the Royal Bank was to elicit in what way the exact amount could be produced in London. There were three ways of doing that, and those three ways are explained in the letter, all of them being in exact conformity with the scale of charges upon which all the Scotch banks act. I should also be very glad to make an explanation somewhat supplementing an answer of my own on a previous occasion with regard to the charges made to the Scotch banks by English banks. It bears upon the question which is now before the Committee. The question, I think, was put to me on a previous occasion whether it was usual for English provincial bankers to make a charge to Scotch bankers for making available in London the amounts of English cheques remitted to them. I stated then that I believed that there was not a day passed that we had not a charge of that description made to us by English bankers. Since

then I have taken some trouble to verify that statement, and the result is this. I took the month of May, 1874, before any question had arisen between the Scotch bankers and the English bankers, and I found that in the course of that month the Royal Bank remitted cheques to 65 English provincial bankers. In the case of 32 out of the 65 instances, no charge was made, and in the case of 33 out of the 65 a charge was made. That charge ranged from 6s. per cent. to 1s. 3d. per cent. As the result I should say that the private bankers of England, as a rule, made no charge, with only very few exceptions. The joint-stock provincial banks in England did make the charges, with one or two exceptions; the result, on the whole, was that the charge by the provincial bankers ranged from 6s. per cent. to 1s. 3d. per cent.

Mr. Sampson Lloyd.

5003. Is it not the fact that in all these cases in which you say that the English provincial joint-stock banks made you a charge, you had the opportunity, if you had chosen, of sending down those cheques, as all English country banks do, through the country clearing-house, and that in that case, so far as you know, no charge would be made?—I think I explained, on a previous occasion, that if a cheque was sent through the country clearing-house no charge would be made, because it became money available at five days in London. I think one of the honourable members of the Committee, or one of the witnesses, stated that the money was available on the second day, but that is not so; it works out in this way: we cash, say, a cheque on Lincolnshire, in Edinburgh upon the first of the month; we send it to London; it reaches London on the second; but generally too late for the country clearing of that day; it passes through the country clearing-house on the third, and it is made available to us in London two days after that; so that a cheque cashed in Edinburgh on the first day of the month is not available to us in London until the fifth of the month, and we have not advice in Edinburgh of its payment till the sixth of the month; so that it is practically not available for our purposes before that time.

5004. In other words, owing to your distance from London, you, from the very nature of the case, lose four days?—No, that is not so. We do not feel ourselves legally justified in allowing five days to elapse before that cheque is presented. We hold that we are bound as a matter of due negotiation to send the cheque direct to the banker upon whom it is drawn, or to our correspondents in the town upon which it is drawn.

5005. Is it not the fact that English provincial banks, both private and joint-stock, have established a machinery by which your cheques from Scotland on England can be paid free of charge, and that because you take views which, without any disrespect, I may call peculiar, as compared with what the English banks do, and do not avail yourselves of this machinery, but require to have

the money paid in another form from what the English banks do, you subject yourselves willingly to this charge?—The Scotch banks decidedly encourage their customers to say to them, “We shall exonerate you from all legal responsibility arising from this mode of negotiation”; and if the customer is content to allow us to send it through the country clearing-house we are glad to do it.

5006. In that case you are subject to no charge by the English banks?—We are subject to no charge by the English banks in that case.

Sir John Lubbock.

5007. Are you aware that the legality of the country clearing-house has been tried in a court of law and decided in its favour?—I was not aware of it.

5008. Do I correctly understand you to say that if you send up a cheque from Edinburgh on the first of the month, and it goes through the clearing-house on the second, you do not receive credit for it until the fifth?—From the course of post between Scotland and England, cheques cashed at our branches are rarely passed through the clearing-house on the day they are received in London; hence we do not receive credit for them till the fifth day. If cheques are received in London by the first post they would be cleared the same day, and we would get credit for them on the fourth day.

5009. On the other hand, if you sent it direct, you would receive it upon the third?—If we sent it direct we should send it from Edinburgh on the first; it would reach its destination on the second; the banker upon whom it was drawn would instruct payment by the same post, no doubt; and we should receive the money on the third, I think.

5010. Therefore there is not a difference of five days, as I understood you to say just now, but only two days?—I did not mean a difference of five days. In the one case you get it in due course, and in the other you have to wait.

5011. And none of the cheques to which you have alluded, and upon which you have charged a commission, were sent through the country clearing?—No; I have explained that we do not feel ourselves at liberty to negotiate cheques through the country clearing-house unless we have the authority of the person by whom they are presented. If we have that authority we invariably send them through the country clearing-house. The cheques which I referred to are cheques drawn by English provincial banks.

5012. You have stated that you do not do so because you do not feel justified in not presenting a cheque for four days after you receive it; are you not aware that a banker sending a cheque by post is presentation, and that therefore when it is sent by post from London to a country bank that it is a legal presentation of the cheque?—I take it, that if a Scotch bank or any bank sends a cheque to a provincial bank in England for the purpose of negotia-

tion, he constitutes the English banker his agent for the purpose of negotiation, and that at present that would be practically a fulfilment of the legal requirements of the case.

5013. And therefore the legal presentation of the cheque presented through the country clearing-house takes place on the day after you have received it?—No.

5014. He sends it up to London on the first of the month to his London agent, his London agent sends it on the second, by post, and that sending it by post is a legal presentation; and therefore that legal presentation takes place on the day after he receives the cheque, does it not?—I take it that in that case the negotiation through the country clearing-house would take place on the receipt by the banker on whom the cheque was drawn.

5015. You are not aware that the sending of a cheque in that way is legal presentation?—I am not.

Mr. Backhouse.

5029. (To Mr. *Melville*.) Do you wish to say anything with regard to the Act of 1844?—I was here at the time of the passing of the Act of 1844, and I rather differed from other bankers on two or three points; and as I differed from them, I did not know very well what to do; but the late Lord Yarborough (then Lord Worsley) was an intimate friend of mine, and I said to him, “I think the other bankers are wrong; they give it up as a bad job, but I don’t think it is a bad job; I believe I have right on my own side,” he said, “If you will draw your own petition and will give it to me, I will support it, for I think you are quite right in the view you take.” Here, on a very yellow piece of paper, is my petition at that time, and in it I asked for three things. One thing that I asked for was this: that instead of having only a week in which to make up our returns, the averages should be made once a month, because it was impossible from the different branches to get in the returns, so as to do it in a satisfactory way; that they agreed to, and I carried it by this very petition. Another point that I asked for was this: I said that the way in which they took the averages was unfair; they proposed that it should be (and you will find that in Sir Robert Peel’s speech) the last two years; I said, “The last two years are the very lowest that we have ever known, therefore, it is not giving it a fair chance if you take it for the last two years; take it for three years, or for five years, or for seven years, or for the last three months, or in any way you like, except taking it on those very lowest years,” that they agreed to, and they gave it to me for those three months; those two things I carried myself. I wish to support this excellent Act of Sir Robert Peel’s, except this one little slip about the Scotch banks; otherwise it seems to me to be perfect; I said in my petition: “That your petitioner begs humbly to represent that the proposed plan of taking an average from past years, as consti-

tuting the maximum of future circulation is anomalous in principle, and unjust to those districts in which from fairs, and other causes, the demand for money at different seasons of the year is subject to great variation." That was not granted, but I have got a good circulation, and I am satisfied, and I work within my circulation. But if there is any idea of making any alteration in Sir Robert Peel's Act, what I would suggest is this: that if you gave 10 per cent. it would be equivalent to my proposal, and it would save many of us a good deal of trouble. The last four weeks, for instance, were very high; in the last four weeks we had our sheep fair, and we had the payment of servants' wages in May, so that we were carried over our amount, and we were above our £100,000. Then I had to put on the screw; I had to send Bank of England notes to all my branches, and to have them at home; and not a note of ours was allowed to be issued; and so I brought it down to £98,000 instead of £100,000; that is what we are compelled to do now and then; at the same time I make no great point of that.

MONDAY, 21st JUNE, 1875.

Mr. GEORGE RAE, called in; and Examined by the CHAIRMAN.

5031. You are Deputy Chairman of the Issuers' Committee of the Association of English Country Bankers, are you not?—I am.

5032. You are also the Chairman of the North and South Wales Bank, are you not?—I am.

5038. Do you issue your own notes at all your offices?—We do not; we only issue at 21 of the branches.

5042. Do you pay your notes in gold at all your branches?—At all our branches, wherever issued; we pay them at 43 points in all. We issue them at 21 points, but they are all payable at our head office, our London agents, and our own 41 branches.

5043. Therefore, if they were issued at any one of those 21 branches, they would be paid at any one of the other 40?—They would.

Mr. Backhouse.

5044. Why do you limit the issue of notes to 21 out of the 41 offices?—Our issues being limited to the amount that I have just stated, about £64,000, we are obliged to limit the points of issue so as to keep within the limits prescribed by the Act of 1844.

5045. What is the penalty of over issue?—For every £5 issued in excess of our authorised limit, we forfeit £5, it is pound for pound.

5046. Then is the result this: that practically you cannot avail yourselves of the full limits of your issue?—That is so.

5047. Have you any returns showing this?—I have a return showing the average circulation of our notes for the last 10 years. I will not trouble the Committee with the averages year by year, but

the average for the 10 years is, in exact figures £58,082, and our authorised issue being £63,951, it follows that we have been, during the last 10 years, within the authorised issue by £5,869, or £6,000 in round numbers.

5048. What is the greatest excess, and the greatest drop?—I have a return here showing the greatest excess beyond the limits in our circulation, and the lowest point which it has touched in any one of the 10 years in the return from which I have just quoted.

5049. What dates are the 10 years?—The dates of the 10 years are from 1865 to 1874, up to the end of last year. The highest point that our circulation has ever reached during that period was £69,550, which it reached on the 19th of April, 1866; that was £5,600 in excess of our authorised issue.

5050. What was the lowest point?—The lowest point was £43,385; that occurred on the 1st September, 1870, and that was £20,566 below our authorised limit.

5051. Was there any special cause in September, 1870, to account for that?—None, except this: that I see by our returns that we have gone above the limit in the last week of the return by £5,000 or £6,000 as I have already stated; and, in order to bring the issues within the average limit for the month we had to reduce them to that extent.

5052. Have you any other return as regards your circulation, which you wish to submit to the Committee?—In the course of last month we sent a circular to 23 of our branches, in which we put to each branch the following questions: the first question was this, "Is it the result of your experience and observation that the notes of our bank pass current in your town and neighbourhood equally with those of the Bank of England?" The answers were, 21 of the 23 banks answered "Yes;" one replied that the Bank of England notes were preferred in the town and our notes in the country; and one branch replied "No;" that our notes did not pass current equally with those of the Bank of England. Those were the answers to the first question. The second question which we put was this, "At your fairs and markets, which would have the preference amongst farmers, graziers, and other sellers of stock or produce, our notes or those of the Bank of England?" Twenty replied "Our notes;" one replied "No preference," and two replied that Bank of England notes would be preferred. The third question was this, "Our own notes, wherever issued, being payable in gold at our 41 different branches or sub-branches, whereas notes of the Bank of England are only payable in gold at the branch of that bank which issued them, or the head office in London, does this circumstance, in your judgment, give a preference to our notes amongst country people?" Fourteen say "Yes;" three say "Country people do not know the fact," and six reply that they do not think that the circumstance gives a preference to our notes one way or the other. The fourth question which we put was this, "Does any prejudice exist in your town

or district against Bank of England notes from fear of forgeries, and is there any perceptible disposition, therefore, to take our notes in exchange, because, being had direct from ourselves, they cannot, of course, be forgeries?" Seventeen reply "Yes;" four reply "No;" one says "Yes, as regards the country, and no as regards the town," and one gives no opinion. The fifth question is this, "Do you think that your customers, generally, would approve, or disapprove, of the suppression of our notes and their substitution by notes of the Bank of England, for which we should not be bound to give gold in exchange?" Eighteen say that they think that they would disapprove, three say that they would be indifferent, one gives the reply that they would disapprove in the country and be indifferent in town, and one says that they would approve the suppression of our notes. The last question was: "If there is a bank in your town which only issues Bank of England notes, does it give gold in exchange for these notes in any amount whenever presented, as a matter of course and without charge?" Thirteen of the branches reply in the negative, and ten reply that they cannot answer the question as there is no such bank in the town in which they are.

5054. Have you any other reasons that you wish to state?—I would state a few reasons why I think so, with the permission of the Committee. The issues of the country banks not being subject to the sometimes great and irregular fluctuations in the reserve of gold in the issue department of the Bank of England, but to a limit which is admittedly below the currency requirements of the country districts, maintain a regularity in movement which imparts steadiness and ease to the operations of the agricultural, industrial, and other interests of the districts in which they chiefly circulate. Thus, instead of being an element of disturbance in a momentary panic, the country issues, resting on their own reserves of gold, are an element of strength, for they perform all the functions of a currency in the country districts at such a juncture, without embarrassing the action of the Bank of England, or adding to the anxieties and dangers of a crisis by withdrawals of gold. The money panics, which every 10 years or so appear to visit the metropolis and the great provincial centres, have not, thus far, afflicted the country districts, mainly because they possess a currency of their own, which to the measure of its amount, enables them to conduct their every day transactions independently of the vicissitudes of the "money market;" but if this currency were to be suppressed, and substituted by notes of the Bank of England, the exemption of the country districts from the severities of a money panic would cease, because the Bank of England notes in circulation in country parts would then be subject to the same law of fluctuation as those in circulation in the capital or elsewhere, and every movement in the bullion in the issue department would be as quickly felt at Leicester as at Liverpool, at Saffron Walden as in the City of London. Now, inasmuch as people in country parts have been

accustomed for many years to procure with perfect ease such ordinary and reasonable banking facilities as they required, it will be difficult to reconcile them to even a temporary or partial withdrawal of these facilities whenever the foreign exchanges may happen to be seriously against England. The manufacturer or trader, the farmer or cattle dealer, or any one else in undiminished credit, who has always maintained such discounts or advances as he might require from time to time in the legitimate conduct of his business, will hardly be reconciled to the refusal or serious curtailment of such accustomed facilities on the ground that the position of the issue department renders a contraction of such facilities imperative. In their excusable ignorance of the department in question, and their inability to comprehend why it should interfere with their few and simple transactions, which have never suffered interruption before, many persons would be apt to assign the alleged scarcity of money to poverty on the part of the banks themselves, and thus originate a movement on banking deposits, which under perfectly conceivable circumstances might add a new feature and a fresh danger to our next panic.

5055. Do you consider that the privilege of issue which is enjoyed by private and joint-stock banks in England, has the effect of preventing the establishment of additional banks in England wherever they are required?—I do not think so. I find that during the last 20 years there have been established in England 38 new joint-stock banks, the paid-up capital of which is £9,418,547, and their reserve funds amount to £2,293,948, making together £11,712,495.

5056. The capital of the new banks almost equal that of all the Scotch banks, does it not?—It very nearly amounts to the total of the capital of the Scotch banks. I find that the total capital of the Scotch banks by the last return that I have seen is £9,697,000, and their reserve funds £3,607,000.

Mr. William Shaw.

5057. Do you include London in that statement?—The new banks, I think, include the London banks, and, indeed, all the new banks in England.

Mr. Backhouse.

5058. Do you consider that the continuance of the English provincial issues would be an injustice to the non-issuing English banks, or that it is regarded by them as such?—No, I do not think so for this reason: that the great bulk of the non-issuing banks in England might have been banks of issue if they had chosen to be so, because most of them were established prior to 1844; but they chose, instead of being issuers of their own notes, to make arrangements for the issue of notes of the Bank of England, and I do not think that they have any feeling against the continuance of the English country issues, as limited by the Act of 1844.

5062. Do you think that it would be easy to introduce a circulation

of £1 notes in England?—No, I do not think it would be. I think it would take a very long while to reconcile the classes in England, who have been accustomed for so long to have their wages and the smaller payments of trade made in gold, to having those payments made in paper.

5063. Then you would not recommend the extension of the country note circulation?—No, I would not; I would not recommend any interference, as far as my own judgment would enable me to speak, with the Act of 1844.

5067. Supposing that there were any alterations in the Act of 1844, are there any amendments that you think it would be an advantage to the English issuing bankers to have adopted?—I think if the question was gone into, as I have said before, speaking for myself, I have no wish to see any interference with the Act of 1844; but there are certain details that I think if the question was opened again might, without detriment to the great principles of the Act itself, be taken into the consideration of Parliament; and one of the first of those, if not the very first, would be the question of giving security for issues. I cannot see my way to any practicable scheme of doing that by a deposit of Government securities, because the difficulty of working would be so extreme. Take our own case. We have an issue of £64,000, but, in addition to the notes that we have in the hands of the public, we must necessarily have a certain amount of notes signed and ready for issue. That varies with different banks. I think that the Scotch banks stated that for every note they have in circulation they have another note ready for issue. I do not think we have quite so many as that, but it would depend, of course, upon the number of branches. Supposing that we had £60,000 in circulation, and £30,000 or £40,000 in our tills waiting for issue, the difficulty would be to determine what amount of security would be required. If security were given for the whole amount of the notes, whether in issue or in the till, that would be locking up a larger amount of security than would be absolutely necessary for the protection of the notes. On the other hand, we should still be liable to pay the notes in gold on demand, therefore it would be like providing twice over for the same liabilities. I merely mention this as a practical difficulty that has occurred to me. I think that of all the suggestions that I have heard, that of making the issues of all banks a first charge or lien upon the estates of the issuers, would be the most practicable way of meeting the point. I only wish the Committee to take this as my own personal suggestion. I have no authority from my own association to make it, and therefore I hope it will be taken for what it is worth, and no more.

5068. There is a difference of opinion amongst bankers, I suppose, as to the question?—There is. Another point is this: We have to take our averages over one month to ascertain the amount of our circulation; I have shown the result in our case, and I think when the result is thrown over the whole of the country circula-

tion, which I think will be done by Mr. Palgrave, who follows me, I believe, in this matter, it will be seen that, although we are authorised to issue £6,500,000, practically we really are unable, on the average of years, to issue more than £5,000,000. If the average was extended to six months instead of one, that would make a very great difference. The third point is, that a joint-stock bank cannot purchase and add to its own the circulation of a private bank; that is a restriction which of course places private banks of issue at a serious disadvantage in the disposal of their business when they wish to retire from it.

Chairman.

5069. That restriction you would like to see removed?—Yes.

Mr. William Shaw.

5070. You mean that they would lose their issue?—They would lose their issue. For instance, we purchased the business of a private bank of issue about 18 months ago, and we could give no value for their issue, because they lost it by amalgamating with us.

Mr. Backhouse.

5071. A joint-stock bank cannot purchase a private bank of issue, under the Act of 1844, I think?—They cannot.

Mr. Sampson Lloyd.

5072. If a private bank, with an authorised issue of £20,000, purchases the business of a joint-stock bank of issue, also with a circulation of £20,000, would the private bank be authorised, after that purchase, to issue £40,000, or only £20,000?—I know that a joint-stock bank purchasing the business of a private bank, that being a private bank of issue, could not add that private issue to its own circulation.

5073. Is that the case if the joint stock-bank is unlimited?—That makes no difference.

Chairman.

5074. But supposing that the private bank had an authorised issue of £20,000, and that it bought up the business of a joint-stock bank, would it not lose the whole of its issue of £20,000?—I am not prepared to answer that question, but I think not. I think it could continue its own circulation. There is no doubt, I think, that in the case of two joint-stock banks of issue amalgamating, the issue of the continuing bank only would accrue to the united proprietaries. Lastly, no bank that was not an issuing bank prior to May, 1844, can acquire, by transfer, or otherwise, the issue of a bank that wishes to retire.

5102. You stated just now, did you not, that new joint-stock banks

had been established since the Act of 1844, with capital equal to all the Scotch banks put together, or therabouts?—Very nearly.

5103. Have you any objection to the competition of those new joint-stock banks?—None whatever.

5104. Then why have you any objection to the competition of the Scotch banks?—Our objection is this; that they start with an advantage which is given them by their privileges of issue over and above the advantages given to the English banks of issue, but especially over those banks in England which have no right of issue.

5105. But those rights of issue they have only in Scotland?—Those rights of issue they have only in Scotland, but they enable them to become the possessors or the borrowers of capital to a very considerable amount, for which they pay a very low rate of interest compared with what the English banks have to pay for theirs; I think I might explain my meaning in this way: I believe that the duty upon the distillation of whisky is the same in England as it is in Scotland, but if the legislature were to reduce the duty payable upon the spirit in Scotland, as compared with what it is in England, that would surely enable the Scotch distillers to come into England and fight the English distillers at a disadvantage; that appears to me to be precisely the objection that the English banks have to the Scotch banks coming to compete with them in England; they can make or raise banking resources on much easier terms in consequence of certain favours given to them by the legislature more than are given to the English banks.

5114. With regard to another matter of which you have spoken in reference to the effects of the country bank circulation, did you mean to give us to understand that the operations of country banks are independent altogether of the state of the London money market?—I do not think that the small transactions in the rural districts where a farmer buys his cattle in a fair or sells his grain or borrows a little money from the bank to help with his rent, are affected in the slightest degree by the foreign exchanges.

5115. Why do you think that they would be affected by the foreign exchanges if the circulation in the country was carried on by Bank of England notes?—Because then the fluctuations in the bank note circulation would be precisely the same in the country as they are in London.

5116. Will you state in what way you consider that the circulation of the country, if it was all carried on in Bank of England notes, would be governed by the rate of discount in London?—It would be governed, I apprehend, as the Bank of England circulation now is, by the amount of bullion in the issue department.

5117. But would you state in what way the operation would take place?—I am taking the case of a country bank which has a certain amount of Bank of England notes in its till to carry on its business. Supposing that the exchange became adverse to England, the bullion

begins to leave the issue department, and consequently the amount of bank notes in circulation becomes contracted, the rate of discount begins to rise, and it sometimes rises to a point which creates apprehension; the result is that banks, and even individuals, begin to hoard bank-notes, and thus a scarcity, which is now limited to London and the great commercial centres, would be spread, as far as my judgment enables me to see it, over the whole of the country; it would reach the country banks in that way just as it now reaches only London and the great commercial centres.

5118. The Bank of England would not send down to a country bank and say, "Send us in your notes," would they?—No, it would be the opposite way. The country banker, strengthening his reserves, would probably send to London to get Bank of England notes to replenish his till.

5124. But you would not issue more notes than you usually do?—We dare not; we are prohibited by Act of Parliament. What I mean is this: that to the extent of the country circulation of England, taking it at £5,000,000, it saves Bank of England notes in times of pressure; that is my opinion.

5125. But if those £5,000,000 were once for all replaced by Bank of England notes, do you suppose that the fluctuations would be more severe than they are at present?—I think so, undoubtedly.

Sir John Lubbock.

5127. We have a very large number of banks, and you think they are always ready to open branches whenever they think there is a prospect of sufficient business?—I think so.

5128. Do you consider that we have in England more real banking competition than they have in Scotland?—I think that the competition in England is as complete as it can possibly be. I know in our own case that in Liverpool the competition is very keen, and that every one goes to where he can get his business done cheapest.

5130. You took the population of Scotland, I think, at 3,400,000, in round figures, and you contrasted that with the population of the provinces of England; but if we take England as a whole, the population of England is, in round numbers, 23,000,000, which is six and a half times that of Scotland; and therefore if we had the same privileges in England as the Scotch banks have, we should have six and a half times as large a circulation, which would be £58,500,000, would it not?—If those are the figures, it would be so. I have not got the figures before me, but I take them from you.

5131. At present the English note circulation is about £30,000,000 in round numbers; so that an increase of the English note circulation to the same proportion to population as the Scotch note circulation would really leave to the English banks £28,500,000 practically free of interest, would it not?—Yes.

5140. It has been stated to the Committee that in sending a cheque

through the country clearing there is a loss of three days ; will you state what your experience is in that respect?—Our experience is this ; that if we send a cheque, say on Monday, drawn on another country bank in England through the clearing, it reaches that bank on the Wednesday, is advised by that post, and is paid in London on the Thursday ; whereas if it were sent direct, it would be paid on the Wednesday ; there is the difference of only one day.

5142. On all such transactions, the monopoly which the Scotch banks enjoy in Scotland places them at considerable advantage as compared with the English banks, does it not, inasmuch as the English banks can collect everything in England through the country clearing free of charge ; whereas, on the other hand, we have it in evidence in the Scotch paper of charges, and we have had it in evidence from Mr. Melville on Thursday last, that a cheque sent down for payment to Scotland, is subject to a charge of at least 1s. per cent. commission?—We make no charge, if that is the meaning of your question.

5143. And, therefore, as we make no such charge, we are, in reference to such transactions, placed at a disadvantage in comparison with the Scotch banks, are we not?—Yes.

5144. Has your attention been called to a statement which has been put in by Mr. Gairdner, from which it would appear that in his opinion the profits of the English provincial banks are about £1,000,000 greater than those of the Scotch banks?—It has.

5145. Do you consider that that is a correct way of stating the difference of banking charge between the two countries?—I do not think that it is a correct way of stating it, and my reasons for thinking so are these : In the first place there are 293 private and joint-stock provincial banks in England. These all differ more or less in their rate of charge. I believe that the banking charges are not alike in any two towns in England, and I understand that some of them differ very widely. But the estimate selects out of those 293 only 21 of the larger joint stock banks, and it takes the returns of these 21 banks as conclusive of the charges of the whole. It then applies, in my judgment, an arbitrary method of computing the charges of those 21 banks to the public, and the result thus obtained it multiplies by a third assumption, viz., that the deposits in English provincial banks amount to £200,000,000. On this triple assumption, it comes to the conclusion that the English provincial public are charged over £1,000,000 sterling a year by the English banks more than they would be by the Scotch banks. The feeling of English bankers on the matter, so far as I have been able to ascertain it, is this : that an estimate so much to the prejudice of the English country banks, ought not to have been made except on the clearest evidence, and ought certainly not to have been made on the slight and inconclusive data upon which it is based ; and at all events that the statement having been made, it ought in fairness to have been added that, if the English provincial

banks enjoyed the same rights of issue as the Scotch banks do, even the difference alleged would be instantly swept away. I have further objection to urge to the estimate, which is this: that it does not fairly produce the result which it professes to give. The evidence of the Scotch bankers, I think, is that every Scotch bank charges and allows the same rates to its customers. Therefore, if this return were correct, it would appear that that was so, but I find by the very return upon which this estimate is based, that instead of the charges of the Scotch banks to the public being all alike and equal, the British Linen Company charge the public £1. 7s. 10d., whereas the City of Glasgow bank charges the public only 17s. 2d. It must be obvious, I think, that this estimate is incorrect, because, taking two banks, the capital of which shall be the same, say £500,000 each, the one having deposits amounting to £1,000,000, and the other to £2,000,000, their initial rate of profit shall be the same, say 2 per cent., and yet, according to this estimate, the one bank will be appearing to charge 1 per cent. to its customers, and the other will be appearing to charge £1. 10s., although the actual charge made by the two banks may be precisely the same. A further objection which I have to urge is this: that according to this scale, the larger the amount of business done by a bank, the higher would appear to be its rate of profit charged to the public; whereas, in point of fact and experience, we know that it is really the contrary, and that if a bank's profits enlarge, it is enabled to diminish its rate of charge to the public. My principal objection, and the last is this; that the estimate is made after deducting the expenses of the banks, instead of before. Now, as the expenses of a bank are clearly made out of the profits which it derives from the public, I think it follows of necessity, to enable you to ascertain what the real profit made from the public is, you must make that estimate before the expenses are deducted. Otherwise it would follow, that the higher the expenses of a bank, the more favourably it would appear to be doing its business for the public; and carrying it to the extremity, supposing that the expenses of a bank should happen to equal its profits, which might be in the case of a new bank, such a bank, by this scale, would appear to be doing its business for nothing. For those reasons I say that in my judgment the estimate to which you have referred is incorrect and inconclusive as to the point at issue.

5146. The divisible profit must also always be very much influenced, must it not, by the ratio between the capital and the amount of the deposits?—It must be; a bank, with large deposits in proportion to capital, will always pay a much higher dividend than a bank with a large capital and small deposits, and yet their rate of charge to the public may be identically the same.

5147. Then again, a great part of the profit of banking is, or ought to be, derived from the commissions and other charges for doing the current business of the bank?—Yes, that is so.

5148. And, of course, one bank may have a large deposit business

in proportion to what we may call its counter business, and another bank may have a large counter business in proportion to its deposit business?—Yes.

5149. And, unless one knows the ratio between those two descriptions of business, any such calculation as this would be entirely fallacious, would it not?—It must be.

Mr. Sampson Lloyd.

5155. Again, you were asked whether it was unfair that profits made in Scotland should be employed by a Scotch bank trading in England. I presume it is not a question of the profits made in Scotland, but of capital raised by special legislative privileges, which capital is brought over to lend in England; that is what you consider to be unfair?—That was my meaning.

5156. You were asked several questions as to the difference between a country circulation consisting entirely of Bank of England notes and a local circulation; is not the difference this: that Bank of England notes, by the Act of 1844, are compelled to be restricted or to be drawn in under certain circumstances according to the state of the banking reserve in London, whether the local commercial wants of the country do or do not appear to require an extra circulation?—That is so.

5157. Whereas country notes are not necessarily and directly subject to this restriction?—They are not.

5158. Therefore what I presume that you intended to imply was this, was it not? that the circulation of each individual local bank being only, as we have several times heard, a very small proportion of its total liabilities, a country local banker does not feel called upon to cause that circulation to increase or decrease according to the state of the Bank of England reserve in London?—You have put it exactly as it is.

5159. Therefore the circulation of Bank of England notes in the country would fluctuate according to a principle, which, however just or unjust in itself, has nothing whatever to do with the requirements of the locality?—That is so.

5160. Whereas the country circulation had been without risk maintained at such a point within its authorized limits as the wants of the locality and of the time appeared to require; is not that so?—I think so.

Mr. Goschen.

5182. Do you consider it a matter of paramount importance in the public interest that the circulation of notes, so far as it can be regulated, should protect the holders of notes against loss?—I think so.

5183. An honourable Member put to you a question with regard to poor depositors, but do you attach great importance to this; that the circulation which forms the basis of all transactions, and which may even enter largely into the payments of wages, should be hedged round and protected with every possible security?—I think so.

5184. Do you hold that opinion both as a banker and from a public point of view?—Yes.

Mr. Anderson.

5204. Do you suppose that if the Scotch banks were allowed other £10,000,000 of issue they could get them out amongst the public without difficulty?—I think that the Scotch banks, under the existing legislation, can issue any amount of notes that the public require, but the public will not take one single note from the Scotch banks or ourselves more than they require.

5205. Would they take your notes if they did not require them?—That would be a matter of experience; I think they would take them.

5213. Is it your opinion that a bank of issue can put out any quantity of notes that it pleases to the public?—Certainly not.

5214. Is it not a fact, that if a bank issues a greater number of notes than the public actually require, they will immediately come back to it?—Certainly.

5236. You said that if the State were to require security against issues, you did not see how that would work, because the banks would be required to give double security for the amount of issue, and for the amount of notes kept in the till?—And also that the banks would have to find gold for a portion of the circulation; but I think altogether the notes in actual circulation would be represented, not only by their own amount, but by double their own amount, counting securities and gold together.

5239. But you consider that the State is warranted in laying it down that the note issues should be secured?—That is my individual opinion.

5240. With regard to your system of banking in Liverpool, do you charge a commission on the summation of the accounts?—Yes, that is so.

5241. Is it on the summation of balance, or the summation of both debtor and creditor sides?—On the summation of one side, the debtor side.

5242. In a creditor account?—In a creditor or a debtor account, in either case, unless it is an account taken on the London principle, where we have a certain sum that we allow no interest upon, and then we charge no commission on the other side.

5243. Then, in reality, it is a commission upon the total drawings?—Upon the total outdrawing.

5244. And not a commission upon the lodgments?—No. Practically it amounts to the same; but as a matter of fact, that is how it is done.

5245. Is the amount of that commission uniform?—No, it varies very much. We have one class of accounts, a limited one but still it is an important class, viz. overdrawn accounts, and upon those we charge a quarter per cent.; the overdrawn accounts would probably be from 15 to 20 per cent. on the whole. Then we have a much larger class of accounts with credit balances, upon which we charge

one-eighth per cent. commission. Then we have a third class of accounts, the deposit accounts, upon which we allow interest, and charge no commission at all.

5246. Are those deposits at call?—They are at call as a rule; there are some at 7 or 14 days' notice.

5247. Then you allow no interest upon accounts that have creditor balances?—Yes, we do. Upon a current account with a creditor balance, we charge, as I said, one-eighth per cent. commission, and we allow on the daily balance of that account one per cent. below the Bank rate. For instance, supposing that the balance of such an account is £1,000 daily throughout the year, and that the operations upon it are £20,000, on both sides, but £10,000 only on the debtor side, we should allow interest upon that account, £25; we should charge one-eighth per cent. commission on the £10,000 on the debtor side. That would leave £12. 10s. to the credit of the customer at the end of a year, after paying all his commissions. If I understand the Scotch system, the allowance on these accounts and similar accounts, according to the Scotch scale, would be only one per cent. on the daily balance, which would amount to £10 at the end of the year, to the credit of the customer, but then all the commission has to be paid.

5248. Are you aware that the Scotch banks do not charge commission?—I thought that there was a large list of commissions; I presume that upon an account of this kind, they would charge a commission upon the collecting of cheques and the retiring of bills in London, and so on. This one-eighth per cent. that we should charge upon this creditor account would cover those various charges.

5249. Would it cover all charges for paying bills in London, and for collecting cheques anywhere?—Everything. It would cover retiring bills payable in London, drafts, and other payments on London or elsewhere, remittances to or from every bank in England, and the collection of dividends, warrants, coupons, country notes, and gold.

5250. Then whenever you charge a commission, you make no other charges whatever, except interest?—We only charge interest and commission.

5253. Does not that system tend to reduce the number of transactions that your customers have, and to make them prefer to keep their money, say, in their own safes for this week for next week's payments, in place of paying it in to you?—No, because they can open two accounts. It is open to every customer to open a drawing account the same as the London system, whereby he is allowed no interest upon a small balance, and then there is no commission upon the out-drawings. Every bank in Liverpool does the same.

Mr. Orr Ewing.

5262. Will you describe how you conduct your business with parties who restrict their business to Liverpool. Supposing that I

had an account with you, and lodged £10,000 with you to-day, and drew it out to-morrow to pay for cotton; what would you charge me upon that?—It would depend upon the nature of the account.

5263. But, as a general rule, to merchants conducting business with you, do you not charge a certain commission for every cheque drawn?—Not if it is an account upon the London principle. If you opened an account with a banker you would open it either upon the basis of paying a commission upon the outdrawings, or leaving a certain sum without interest. If you had opened the account subject to paying a commission, you would have to pay a commission for that account; if not, you would not have to pay a commission.

5264. Supposing that I am transacting business in Liverpool, and that I am keeping money there for payment for a few weeks, would you pay me any interest upon it?—Certainly.

5265. If I were drawing out, what would you charge?—Nothing, if it was a deposit account.

5266. But what would you charge in the case of a merchant lodging money there for drawing out in a few days?—That would be different. Of course if you lodge £10,000 with a banker one day, and draw it out the next, the banker can make no profitable use of it; the charge would vary, and it would be a matter naturally of arrangement. We have scarcely two accounts alike; there is no regular scale in Liverpool.

5312. We have it in evidence that the circulation of bank notes is now £31,000,000, and in 1844 it was £29,000,000; do you think that it is likely, when there is in the note circulation only an increase of £2,000,000, that the circulation of gold could have increased from £30,000,000 or £35,000,000 in 1844 to £100,000,000 now?—I think that it is quite possible, because there is nothing to economise the use of the smaller circulation; there is nothing to economise the use of sovereigns, and I think that the increase of trade in the country during those 30 years would quite account for that increase in the gold circulation. The facilities of the clearing house and otherwise have no power in diminishing the use of sovereigns, because there is nothing to replace them.

5313. But when you take into consideration the fact that the circulation of Scotland is under £6,000,000, with one-seventh of the population of England, which would only make the circulation of England, in the same proportion, £42,000,000, do you think that it is likely that the circulation of England in gold and notes is £131,000,000?—As I said before, it is a matter of calculation; I do not think that it is improbable that it may be so, but I do not say that it is so, because no one can say absolutely that it is so.

5314. Is not money in circulation unproductive capital?—It is.

5315. And, therefore, any system of banking in the country which holds so large an amount of circulation as you estimate England to do, must surely prove a want of banking accommodation must it

not?—I do not think so; I think that every legitimate banking accommodation is given by the English banks that is required.

Mr. Campbell-Bannerman.

5324. Some of the witnesses who have been examined say that they regard the legislation of 1844 as having been intended to be final, or as fixing the privileges of country banks for so long a time at least as the privileges of the Bank of England continued; is that the view which you take of the legislation of 1844 as affecting the country bankers?—My impression is that it was final.

5325. You do not agree with those who think that Sir Robert Peel recognised the rights as then existing with a view to their subsequent diminution or perhaps extinction?—No, I do not think so; but I have not read the Act lately, and I can only give it as my impression. I understood that Act to mean that it created and fixed three great currencies; the great central currency of the Bank of England, the subsidiary currency of Scotland, and the subsidiary currency of the provinces of England; so that neither the one nor the other of the subsidiary currencies should ever exceed the limits then fixed.

5333. With regard to your charges, you spoke of two modes of dealing with accounts, one of which was the London method, in which case I think you said that it was required of the customer that he should maintain a remunerative balance; what extent of balance do you mean by a remunerative balance?—It is absolutely impossible to say. The usual way, speaking of our own practice, is this: that in the case of a gentleman coming to open an account, and selecting this particular class of account, the account is opened without any bargain, at the moment, being come to; and at the end of six months, the first half-year, the point is then settled. It is determined by a variety of causes, such as the amount of operations, the size of the cheques whether large or small, and whether an amount is paid in one day and drawn out another. It is entirely measured by the nature of the account itself.

5334. In the case of the other method of charging, you stated, I think, that the commission charged on the drawings covered everything?—It covers everything. We only charge commission on the one side of the account.

5335. And there is no other charge, direct or indirect, on any transaction?—It covers the retiring of bills payable in London, and drafts on demand, and other payments on demand made in London to customers, cheques received from all banks in England, and cheques paid to all banks in England, dividend warrants collected, coupons, and country notes and gold.

5336. In all these cases there is no charge made for interest besides this commission?—No, none.

Mr. Mundella.

5346. What would you do with the colonial and foreign banks of issue?—I do not think we have any influence over them; they do not issue their notes by the privilege of this Government, but by the privilege of a foreign government. We control the issues of the Scotch, Irish and English banks, but we do not presume to control those of colonial banks, and therefore I do not think that the cases are parallel.

5374. And you believe that the principal mercantile houses in Liverpool confine their discounting to Liverpool?—I do not suppose they confine it to Liverpool, but I do not know what amount they take to London, it is impossible to say; and a banker would be the last man to hear of it.

5375. Has not your system of commissions something to do with that also?—No, I think not, because we discount over the counter without any charge for commission.

5376. For customers who have a regular account with you?—No, that would go through their accounts.

5377. And they would pay commissions upon that?—It depends upon the nature of the account.

5378. Of course, if a man discounts £20,000 worth of bills with you, you place it to his credit, and you charge him one-eighth or one-sixteenth upon the bills?—Supposing that he pays in £20,000 in bills, we put them to his credit less the rate of discount. Then if we retire his acceptances against that £20,000, we charge him a commission.

5379. Do you charge that commission upon the gross amount of business transactions at the end of the year?—Quite so.

5380. I think you stated that you thought that the system of charging commission had not the effect of limiting bank business?—It need not, for the reason that there are other classes of accounts that we keep upon which no commission is charged.

Mr. William Shaw.

5397. Are your 41 branches chiefly in Wales?—They are chiefly in Wales.

5398. Have they been put out within a certain number of years?—Yes, we have purchased two banks within the last three years, and that has increased our branches very much. I may mention that we have passed a resolution to increase our capital to £500,000, and our reserve to £250,000, which will be completed in a few months.

5399. Had you put many branches out before that?—We are always putting out branches slowly, not rapidly. Wherever we can ascertain that a branch will pay we establish a branch.

5400. In fact, from your issue being limited to a certain number of your branches, you have to bring money to new branches, have you not?—Yes.

5411. You stated that your objection to a £1 note issue in England

was that it would interfere with the gold basis upon which the circulation is based ; but is the country circulation in England based upon gold at all ?—All I know is, that we always keep 75 per cent. against our issues.

5412. You are not bound to do it, I suppose ?—We are not bound to do it, but we do it as a matter of prudence. If you have a circulation payable on demand at 41 points, you must have a large amount of gold.

5413. You think that £1 notes would increase the tendency to panic ?—I think so.

5414. Of course, if it was a Bank of England £1 note the Bank of England £1 note would probably be issued against securities, and against gold, say in equal proportion ; would not that bring into the coffers of the Bank of England an immense amount of gold that is now floating about ; and would not that be, in fact, an additional safeguard against panics ?—I do not think so. If you issue £1 notes, which do not now exist, I think you must drive gold out of the country.

Chairman.

5428. Can you appraise the value of your right of issuing ?—We estimate that our circulation costs us about £1 per cent. per annum, including the license duty that we pay to the Government, and the 7s. per cent. per annum for the amount in circulation, the cost of printing, stationery, and postages. The Scotch estimate is 5s. higher than that, but no doubt a small note circulation is much more costly to keep up. The value of our right of issue to us would of course be regulated by the rate of interest at which we are employing our money from time to time, and also by the amount of notes signed and ready for issue which we have in our tills, and which to all intents and purposes are performing as much duty as if they were Bank of England notes, so long as they are capable of issue.

5430. But those notes are not a real cash reserve if they are in excess of your authorised circulation, are they ?—They amount to such ; practically, they are the same.

5431. That can only be to a very limited extent ; you could not, for instance, keep £50,000 worth of notes in your tills, and consider them as equivalent to £50,000 of reserve, could you ?—Yes, for this reason ; supposing that we were for the moment up to the full amount of our circulation, and a demand suddenly comes upon one of our branches, say for £1,000 or £1,500 ; it pays in our own notes, if we have plenty of time in the meantime to bring our circulation within the limit again ; and in that way the £1,500 has performed the same functions that £1,500 in Bank of England notes would have done.

5432. How much could you say would be the net annual value of an authorised circulation of £60,000 ?—Taking the rate of interest at

4 per cent., it would be 3 per cent. on the amount. I should say that it would be worth the use of about £100,000, or £3,000 a year.

5441. Can you give any reason why you should object to a Scotch bank having a circulation which is worth £100,000, and should not object to that Scotch bank if it had the £100,000 itself?—The value of a circulation in use to a bank is much more than its price to sell.

5442. Why?—For this reason; supposing that we had to give up our circulation, and that we estimate it at £100,000; to replace that we should have to recall discounts and advances now out, and which are bringing us in, taking interest and commission together, about $5\frac{1}{2}$ per cent. Therefore, in use, that circulation is worth £5,500 a year to us, although to sell it it is only worth £3,000.

MR. ROBERT HARRY INGLIS PALGRAVE, called in and Examined.

Mr. Backhouse.

5473. I think you are connected with Messrs. Gurney's Bank at Great Yarmouth?—I am; Messrs. Gurney and Co. have an authorised issue of £261,109. It is at Norwich, £105,519; at Lynn, £42,817; at Wisbech, £59,713; and at Yarmouth, £53,060.

5474. I think you have been requested by the committee of English issuing country bankers to give some information to this Committee?—I have, and as the statement which I have to give requires so many figures, I thought that it would be more convenient to the Committee if I had it printed beforehand. I beg leave to offer a copy of it to every Member of the Committee, and I trust that it will facilitate their inquiry.

5475. Can you give the Committee any information as to the proportion which the note circulation of the United Kingdom generally bears to the total amount of business done in the country?—If the Committee will have the goodness to turn to Table I. they will find there a statement of the total declared exports and imports of this country for the year 1844, and from 1868 to 1874. They will observe that the exports have increased from £144,000,000 to £607,000,000, and that the clearing return has increased in the proportion of from 100 to 394, whereas if they look at column No. 9, which contains the increase in the bank note circulation since 1844, they will observe that in the same time it had only gone up from the proportional number 100 to 117.

5476. Is the note circulation increasing or diminishing?—It is increasing very slightly.

5477. Is it increasing in proportion to the general business of the country?—It certainly does not appear to be, for it will be observed that in 1873, whilst there was an increase in the clearing, and a considerable increase in the exports and imports, there was an absolute diminution in the total circulation of the country as compared with the previous and subsequent years.

5478. Does it appear to be influenced in amount by the amount of

business done as tested by the exports and imports of the country?—I think not for the reasons which I have already stated.

5479. Or by the general business of the country as shown in the clearing house?—I think that columns four and five, which contain the decimal proportion of total exports and imports to clearing, show that it is not regulated by the general business of the country in any way.

5480. Can you state the probable amount of gold coinage in this country, and in France and foreign countries?—I do not think that my own opinion upon the matter is as good as that of two persons in this country, Professor Jevons and Mr. Hendriks. I was unable to communicate with Professor Jevons, who lives at Manchester, but I requested Mr. Hendriks to prepare a statement for this Committee which I shall beg leave to hand in, and which shows that the total gold circulation of this country is apparently £100,000,000, to which must be added the amount of bullion held by the Bank of England, which is considered to be from £10,000,000 to £15,000,000. That is not absolutely known. The total gold coinage of France, Italy, and Belgium, now current in those countries and other countries (Switzerland, Hungary, and Austria, &c.), which have signified their adhesion to the monetary treaty of 1865, at this time amounts to £225,000,000; that is to say, the gold coinage of this country, the coinage of the sovereign, is about half the gold coinage of the Napoleon. Mr. Hendriks gave evidence before the French *Enquête sur la Question Monétaire* of 1870, and is, I think, the first authority in this country as to the total amount of gold coinage in the world.

5481. Can you give us similar details with regard to the gold coinage of England?—This statement contains the details of gold coinage from 1817 to 1874, both in England and Australia: “Gold (sovereigns and half sovereigns) coined at the Royal Mint (1817-74), £212,950,000; gold (sovereigns and half sovereigns) coined at Sydney branch (1855-74), £35,857,000; gold (sovereigns and half sovereigns) coined at Melbourne branch (1872-74), £2,955,000; total gold coined in London since the establishment of a gold currency in 1817, and in Australia since the establishment of branch mints there in 1855 and 1872, £251,762,000.” Here we come to the hypothetical statement, and you have to bear in mind the judgment of the man who makes this estimate. “From the above must be deducted (1) the loss from fire and shipwreck, &c., from use in the arts and in manufactures, and from wear and tear of the coin in circulation in each of the 58 years, 1817-74; (2) the exceedingly large but unascertainable amount of melting for conversion into bullion, and for recoinages included in the above total statement in the case of English and Australian mintages, but not measurable at all as regards the reconversion of such mintages into foreign coin; (3) the deductions to be made for British gold coin manufactured for, or current with legal or recognised tender, in the Brazils, Portugal, &c., and amongst travellers and in commerce in all parts of the world. All these special circumstances connected with

the wear and tear, and wide and rapid circulation and use of the British gold coinage, lead to the inference that quite 60 per cent. of the total British and Australian mintages has disappeared from circulation, say about £151,762,000, leaving in circulation in 1875, £100,000,000."

5482. By the circulation, you mean the deposits in the hands of banks and other parties?—I mean that that is the probable amount of sovereigns now in existence in the United Kingdom. The 60 per cent. includes that amount which is estimated to be wandering over the face of the globe.

Mr. William Shaw.

5483. Do you agree with that estimate?—Entirely. It corresponds with several other estimates which have been made by other persons of similar authority.

Mr. Backhouse.

5485. Can you state whether the note circulation bears, at the present time, a larger or smaller proportion to the gold coinage than it did in former years?—The amount of gold coinage was estimated by Mr. Newmarch, in 1844, as £36,000,000, and that estimate was confirmed by the Bank authorities. In 1857 the amount is stated by Mr. Weguelin as being about £50,000,000. It is therefore obvious that the total note circulation at this time bears a much smaller proportion to the gold circulation of the country than it has ever hitherto done.

5488. Can you supply any information as to the amount of the issues of private and joint-stock banks in England and Wales collectively, and as to the proportion which the actual issue bears to the authorised issue of those banks?—The Committee will find the annual averages of the authorised and actual issues of private banks in England and Wales, during the years 1844-74, in the second table. In the third table there is the same information as regards the joint-stock banks, and in the fourth table as regards all the banks, both private and joint-stock, in England and Wales, during the same period.

5489. Has the amount of those issues remained stationary during the last 30 years?—It has diminished very considerably. Column 2, in Table IV., will give the Committee the information at once: 1844 is assumed to equal 100, and you will observe that by April, 1875, it has diminished to 75 per cent. of what it originally was.

5490. Can you supply the amount of the circulation yearly during that period?—In Table V. the Committee will find the annual averages of the total English country note circulation for the years 1845-74. This Table is formed from the weekly returns published in the "Gazette." In order to ensure greater accuracy in it I have divided it from the ordinary return which is made up in periods of

four weeks, and this Return states the amount for each week in each month during the whole period.

5493. Has the proportion of the authorised issue to the actual issue, as a whole, remained uniform during the last 30 years?—The proportion of the actual issue to the authorised issue has diminished during that time, but it has remained stationary during the last seven years, as will be seen by reference to the 5th column of the IVth Table, in which the per-centage of the actual to the authorised issue is given for every year during the period under consideration.

5494. To what do you attribute this difference?—To the fact that the issue is greatly at the present time in the agricultural districts; 87 out of 167, the total number of issuing banks in the country, are situated in agricultural districts. In those districts the population has fallen off or has remained stationary during the last 30 years; and meanwhile, there has been a great alteration in the nature of the business, and cheques to a very great extent supersede the use of notes.

5495. Do the English provincial note issues remain uniformly at or about one amount during the course of the year?—No, they fluctuate considerably. This will be shown most clearly by a reference to Table VI., in which the averages for the ten years 1845-54, 1855-64, 1865-74, are given. At the top of each decennial period, the Committee will observe the average of the total period, which is taken as equalling 100. By following the column of proportions which follows the table of amounts, they will observe that January, April, May, October and November, are uniformly above the average of the year.

5496. Do the issues of the private banks and the joint-stock banks fluctuate in the same manner?—Yes, exactly in the same manner.

5497. Do those fluctuations occur periodically, or do they take place at irregular intervals?—They recur periodically, as will be shown by Tables VII. and VIII. In Table VII. the annual increase in October, as compared with August, is given; and in Table VIII., the gradual diminution in August as compared with April.

5498. Can you state the amount of fluctuation in the provincial note issues?—That will be seen in the 2nd column of each of those tables.

5499. Is there a regular rise and fall in the English country note circulation?—Yes, there distinctly is, as shown by this statement.

5500. Do you think that the circumstance of this fluctuation is generally known?—I believe that it is very little known; it is a mere provincial matter, and I think that most people are entirely ignorant of it.

5501. Do you think that the regular annual fluctuation of the issues of the country banks had any share in the diminution of the circulation to which Mr. Gladstone referred in his speech on the currency on the 31st of July, 1866, as follows: "Why is the rate of discount charged by the bank kept up at 10 per cent.?—It is because of the limited condition of its reserve. And why is the reserve so

limited?—Because of the immense demand consequent upon banking discredit, the immense demand made upon the notes and coin of the bank. Notes and coin have been called to supply this want. But what part has been played during this period by the country bank circulation? Has that circulation been found available for the wants of the country?—There has been an immense demand for notes and coin, and under these circumstances, if the country bank circulation had been in a satisfactory state, it is evident that not only the notes and coin of the Bank of England, but those of the country banks themselves, would have been largely drawn upon. Instead of that, however, we have seen the country bank circulation actually diminished by not less than £1,000,000, at the very time of this drain on the Bank of England. And how has the place of this £1,000,000 been supplied?—“Why, by an enhancement of the drain upon the Bank of England.”—There is no doubt whatever as to the fact which Mr. Gladstone comments upon. There is no doubt that the country note circulation was about £1,000,000 lower in August, 1866, than the point at which it stood in April of that year; but, nevertheless, if the Committee will look to the year 1861, in the same table (Table VIII.), they will observe that in that year a drop of no less than £792,000 occurred at the same period as that to which Mr. Gladstone referred. Further back, in 1851, they will find very similar figures. Without recurring to those occasions, there was a special reason in 1866 why the drop in that year should have been greater than ordinary. It was the year during which the National Provincial Bank, which I mentioned before, was relinquishing its issue. The notes of the National Provincial Bank, which at that time were being withdrawn from circulation, and were included in the weekly returns made to the Stamp Office, amounted on the 7th of April to £102,770; on the 12th of May they amounted to £81,323, and on the 28th of August they only amounted to £43,447. They were, therefore, included in this drop to which Mr. Gladstone referred, and a diminution of nearly £60,000 beyond the ordinary diminution is therefore to be attributed to this cause; and if the Committee will look at Table VII., which shows the annual rise in October as compared with August, they will see that, in the year 1866, that rise was no less than £643,000. By reference to the proportional column, they will see that rise stands at 109, which means that it was actually larger than the corresponding rise between the August and October of 1845, and that, notwithstanding that the total circulation had dropped from £7,700,000 to £5,040,000, the actual rise in that year was, as I have mentioned, larger than it had been on the previous occasion. I think, therefore, that I am quite entitled to consider that the diminution to which Mr. Gladstone referred was not occasioned so much by an alarm respecting the issues of the private and joint-stock banks in England as by the diminution in trade generally, and that as that pressure passed away, so the circulation rose, as is shown by this statement.

5502 And if the circulation is less than it used to be, does that

circumstance affect the fluctuation ?—No, it does not appear to affect it in the slightest degree. The diminution in 1874 is actually about 25 per cent. greater than it was in 1845, although during that time the total circulation had diminished from £7,700,000 to less than £5,000,000, a diminution of something like 35 per cent.

5503. Those fluctuations show, do they not, that country bankers cannot expand the country circulation at their own personal pleasure?—They show that the circulation is affected entirely by the demands of trade and by nothing else.

5506. What would follow if they had to employ any other circulation than their own ?—They would have to keep a far greater amount of notes in their tills than the amount which they now have to keep, as they would be entirely unable to estimate the demands which might be made upon them. I have here, if the Committee think it worth while to consider it, a return of the daily issue of our bank at Yarmouth in the months of December and January for the years 1872, 1873 and 1874. At Yarmouth there is a very large herring fishery ; the boats are paid off annually at one date in the year, and that fact causes a rise in our circulation, which amounted in 1873 to no less a sum than £30,000, as between the 1st and the 22nd of the month, when the boats were principally paid off ; we issue at two centres, one at Yarmouth, and the other in an agricultural town further in the county. I have divided this return between the notes issued at Yarmouth, and the notes issued in the other part of the district, and the Committee will observe that the rise takes place entirely and only in the notes issued at Great Yarmouth, and not in the notes issued in the rest of the district. It is, therefore, obvious that if we were unable to supply this demand with our own notes, and had to apply to the Bank of England for it, as the demand is very uncertain in its amount, we must hold a very much larger amount of notes than the amount which we actually use. Of course it would be impossible for us not to be provided with the means of satisfying the demands of the fishermen, and, therefore, we should have to make a rough estimate of it beforehand ; and I consider that we should probably have to keep in hand, certainly not less than £20,000 or £30,000 more Bank of England notes and gold than we probably should use, for that occasion only.

THURSDAY, 24TH JUNE, 1875.

Mr. ROBERT HARRY INGLIS PALGRAVE, recalled ; and further
Examined.

Mr. Backhouse.

5507. You have spoken as to the circulation generally ; can you

supply information as to the issues of individual banks?—The amount of the authorised issues, and actual circulation of the issuing banks in England and Wales in April, 1875, the amounts of the authorised issue, and the actual average issue of each bank during the year 1874, and the proportion of each actual issue to the authorised issue, will be found in Table IX.

5508. Will you give us the range?—This table is arranged with the highest proportion at the commencement down to the very lowest at the end. It will be observed that the general average of the actual, to the authorised issue, is 75 per cent. They vary from 99 per cent., which is the highest, to 16 per cent. I have placed opposite the name of each bank, a description of the locality in which the business is carried on. I may add that I am informed by those banks, whose circulation is the highest, that they practically never issue a note at the present time; their circulation is out, and in fact it never comes home. If the Committee will look through that table, and also at the summary of the description of locality (also in Table IX), they will see how those localities vary, and they will find that the circulation is usually below its limit in the agricultural districts.

5509. If some of those banks are close to their limit, and some are far below it, can you at all explain why that is the case?—It is explained by the wants of the population in those districts where the banks are situated.

5510. Has proximity to London any effect upon the circulation of banks within the 65 miles circle?—It certainly has. There is a vast alteration now in the habits of the population, and in the character of the districts since the year 1844. I may mention, as an instance, that Bedford, which was an entirely provincial town at that period, is now included in the Metropolitan system of railways. I find, on inquiry from the banks in those districts, that there are very few bank notes circulating in the district. There are 40 banks of issue outside London and within the 65 miles circle, so far as I can ascertain. There is no legal definition that I have ever been able to discover of the 65 miles circles; but I have endeavoured to form a list as best I was able. Those 40 banks have an authorised issue of £1,203,517; their actual issue in 1874 was only £652,683, that is to say 54 per cent. of the total authorised circulation. The circulation within the limit has dropped very much more rapidly than the circulation beyond the limit. In 1844 the circulation within the 65 miles circle was one-fifth of the total note circulation; in 1853 it was one-sixth; in 1872 it was one-seventh; and in 1875 it is only one-eighth. There are 73 private banks beyond the 65 miles circle, with an authorised issue of £2,604,475, and their actual issue is £1,890,944; that is to say, their actual issue is 72 per cent. of their authorised issue. The 54 joint-stock banks are all beyond the 65 miles circle. They have an authorised issue of £2,652,993, and an actual issue

of £2,333,273 ; that is to say, their actual issue is 88 per cent. of their authorised issue.

5511. In your opinion, does the fact that the circulation of a bank is below its limit give any ground for any inference as to the state of its deposits?—No, it allows no inference whatever to be made.

5512. Have you received any confidential returns from banks which enable you to give your reasons for that opinion?—I have received statements from banks possessing £2,474,892 out of the authorised issue of £2,652,993 possessed by the joint-stock banks in this country ; that is to say, I can give the Committee information as to the whole of those banks with the exception of a sum less than £200,000. I received replies from 36 issuing joint-stock banks in England and Wales, as to the amount of deposits held by them in the years 1844 and 1874 respectively, and the proportion borne by their circulation to their deposits at both dates. These 36 banks had in 1844 an actual issue of £2,021,289 ; their deposits in 1844 were £12,008,068, and the proportion of their issue to their deposits in 1844 was 17 per cent. In 1874 their actual issue was £1,746,245 ; their deposits were £42,342,294, and the proportion of their issue to their deposits in 1874 was 4 per cent. The proportion of their deposits in 1874 to their deposits in 1844 was, taking 1844 as 100, in 1874, 353. I received also replies from 25 issuing banks in England and Wales, as to the proportion of their capital and circulation in 1844 and 1874. Those 25 banks had an authorised issue of £1,149,119, and their capital in 1844 was £2,064,492 ; that is to say, the proportion of their issue to their capital in 1844 was 56 per cent. Their actual issue in 1874 was £949,758, and their capital in 1874 was £7,223,323, that is to say, the proportion of their issue to their capital in 1874 was 13 per cent.

Mr. Sampson Lloyd.

5513. Are those joint-stock banks exclusively?—These replies are from joint-stock banks. I received replies from 21 issuing banks in England and Wales as to the amounts of their capitals, deposits and circulation in 1844 and 1874 respectively. Those 21 banks had an authorised issue in 1844 of £956,605 ; their capital in 1844 was £1,802,292, their deposits in 1844 were £5,831,909 ; and the proportion of their capital to their deposits in 1844 was 31 per cent. The actual issue of the same banks in 1874 was £766,177, their capital in 1874 was £6,130,107 ; their deposits at the same date were £25,009,113 ; and the proportion of their capital to their deposits in 1874 was 24 per cent. I likewise received replies of exactly the same character as those made to the right honourable gentleman in the chair, as to the position of 59 banks, issuing and non-issuing, in England and Wales in 1875. The capitals of those banks were £17,591,329 ; their reserves were £7,649,731 ; the totals of their capital and reserves were £25,241,060 ; their deposits were £129,866,919 ;

their acceptances and other liabilities including their liabilities on notes were £9,979,653, and their total liabilities to the public were £139,846,572; that is to say, the proportion of their capital and reserves to their deposits was $19\frac{1}{4}$ per cent., and of their capital and reserves to their total liabilities 18 per cent.; showing, in my mind, the very strong position of English provincial banking. I may add that this statement entirely confirmed my previous investigations made many years ago upon the same subject. I had no doubt when those inquiries went out, as to what the result of the answers would be, and that they would show this strong position of the English provincial banks in respect of their capital and reserves in proportion to their total liabilities. I have also a statement, which perhaps I had better put in, from 36 issuing banks, as to the proportion borne by their circulation to all of their deposits in the years 1844 and 1874 respectively. The total average in 1844 was 17 per cent., and in 1874 it was 4 per cent. only.

Chairman.

5514. Was that in consequence of the decrease of the circulation or the increase of their deposits?—The circulation had but slightly decreased; it was in consequence of the vast increase in the deposits.

Mr. Backhouse.

5515. Where the circulation has dwindled, do you think that the deposits have dwindled likewise?—Certainly not, and the replies which I received from many of those banks entirely confirm that statement. I have a reply from a bank in which the circulation had extremely diminished, but whose deposits had gone up from £166,000 in 1844, to £1,066,315 in 1874.

5516. Had the circulation of that bank considerably diminished?—The circulation of that bank had considerably diminished; in one case, and in one case only, I have been able to trace the proportion of circulation to deposits from an earlier period. In this case, 40 years ago, the circulation was 50 per cent. of the deposits; in 1874 the circulation was only 10 per cent. of the deposits. The statement bears out my opinion that in every country in which there has been a provincial note circulation (I include in this statement not only England, Scotland and Ireland, but Sweden), that circulation has preceded and fed deposits; that has been the case in every country in the world in which I have been able to trace it.

5518. Do the fluctuations of the Scotch circulation recur periodically, or not?—Yes, they recur with a remarkable periodicity; this is best shown by Table XI., which gives the averages of the total Scotch note circulation for the years 1845-54, 1855-64, 1865-74, and collectively for the 30 years 1845-74. The average circulation of the Scotch banks in 1874 was £5,900,000; the proportion of the

actual to the authorised issue in the case of each bank will be found in Table XII.

5520. Do you think that if the Scotch banks were confined to the issue of notes of £5 and above, they would be within the limit of their authorised issue or not?—I think that if they were not absolutely within it, they would not be very far from it. The Committee will see that the circulation of large notes was £2,000,000 in the course of last year. The authorised issue is £2,749,271; and, therefore, although if small notes were suppressed, some increase in the large notes might be expected, it seems to me scarcely probable that the circulation would be anything like the amount which it now is, if the small note circulation were suppressed.

5521. What conclusion do you draw from this circumstance?—That the Scotch banks are indebted to their small note circulation for the very large circulation which they possess.

5522. Have the Scotch, therefore, any advantage over the English banks in respect of their circulation?—Certainly, there is no question that if English banks had had the privilege of issuing small notes their circulation would have increased like the Scotch circulation.

5526. Have there been any exceptional circumstances in Irish banking, which might have tended to have influence those fluctuations?—The population of Ireland in 1841 was 8,200,000; in 1851 it was 6,600,000; in 1861 it was 5,800,000; in 1871 it was 5,400,000. I think that the circumstance of the diminution in the population, without any question, must have had a great effect upon the note circulation; but I think it desirable to mention that alone in the three kingdoms, Ireland still possesses the authorised issue granted to it in 1844-45.

5528. What conclusion do you draw from the proportions that the small notes bear to the large ones?—Very similar conclusions to those which are to be drawn from the Scotch circulation. It will be observed that the small notes are 45 per cent. of the total circulation; and as the total circulation of large notes was only £3,744,000 out of a total actual issue of £6,769,000, I think it is clear that if the Irish banks had not the privilege of issuing small notes, they would be very largely below their authorised issue.

5529. Can you trace the fluctuations in the circulation of the Bank of England?—The annual averages of the Bank of England circulation drawn up in a similar manner to the other circulations will be found in Table XVI.

5530. The Bank of England circulation is published weekly in the total; you trace the fluctuation in the provincial circulation of Bank of England notes?—I am only able to trace the provincial circulation as distinguished from the Metropolitan circulation for the six years, 1842-47. There is a weekly statement of the liabilities and assets of the Bank of England, given in the Appendix to the Report from the Select Secret Committee of this House on Commercial Distress,

published in 1848. From that I have been able to prepare a table of the provincial circulation of the Bank of England as distinguished from the Metropolitan circulation for those six years; and on examining it, I find that precisely similar fluctuations to those that took place in the English provincial circulation took place in the provincial circulation of the Bank of England. That table is not at present in type; but it is a very important table and the statement from which it is copied is an extremely valuable one.

5531. The Act of 1844-45 directed that certain portions of the circulation of the Bank of England, for instance, when beyond the limit fixed at that date at £14,000,000, and the Scotch and Irish circulation when beyond the amount fixed, should be issued against gold; can you give the Committee any information on this part of the subject?—In Table XVIII, the Committee will find the annual averages of the total circulation of the United Kingdom for the years 1845-74. This Table shows the total circulation, the proportion issued against gold, and the monthly fluctuations under those three heads; and it shows that the fluctuations in the proportion of the circulation issued against gold are greater than in the remainder of the circulation. Perhaps it may be convenient to the Committee that I should state the manner in which that Table was prepared. It is made up in this manner. I will take for example the circulation in the month of January, 1874. If honourable Members will look at the circulation of the Bank of England in Table XVI., for January, 1874, they will find that in that month it was £25,789,000. The circulation of the English banks for the same months in Table X., was £5,210,000. The circulation of the Scotch banks in Table X., was £5,700,000. The circulation of the Irish banks in Table XIII., was £6,880,000; that is to say, the total circulation for that month was £43,579,000. The amount which the Bank of England was allowed to issue against securities at that date was £15,000,000; the total of English provincial circulation allowed to be issued on credit only is £5,210,000; the authorised Scotch limit is £2,749,000, and the Irish limit is £6,354,000; that is to say, of the Bank of England circulation at that date £10,789,000 was issued against gold; of the Scotch circulation, £2,951,000 was also issued against gold; and of the Irish circulation, £526,000 was issued against gold; making a total issued against gold, as the Committee will see in Table XVIII., in January of 1874, of £14,266,000. The proportion not issued against gold is £29,313,000. If the Committee will look to Table XX. they will find there the annual averages of the total circulation of the United Kingdom for the years 1844-74. They will find that the branch or provincial circulation of the Bank of England has increased from £6,510,000 to £9,990,000 in 1873, which is the latest date to which I can trace it. The circulation of the private and joint-stock banks meanwhile has dwindled from £8,170,000 down to £4,980,000; that is to say, that the private

and joint-stock circulation is £3,200,000 less, and the Bank of England provincial circulation is £3,400,000 more, that is to say, the provincial circulation of the Bank of England has taken the place of the country note circulation. If honourable Members will continue looking through this Table they will observe the amounts of the circulation issued against gold, and the circulation not issued against gold given annually (Table XX. in columns 15 and 16), during those periods and in proportion as the circulation issued against gold increases if they will look to the column which contains the proportional figures, they will observe that in 1859 and in 1860, that proportion is 22 per cent. of the total circulation. If they look on to column 18, which contains the number of changes in the Bank of England rate, they will find that from that point onwards on an average of years the number of changes in the Bank rate exceedingly increases, and the range of the rate also increases. I may add, that so far as I can trace it, the great increase in the deposits of English provincial banks has taken place since the year 1860.

5532. From what quarter has the gold required to be held by the Scotch and Irish banks been obtained?—It has been obtained beyond any question from the reserves of the Bank of England.

5533. Have any periodical alterations in the rate of discount charged by the Bank of England coincided with the fluctuations of the provincial note circulation?—The Committee will find the monthly averages of the Bank of England minimum rate of discount in Table XXVII., which contains the monthly averages from 1845 to 1874, drawn out in exactly the same manner and for the same dates as the averages of the note circulation which have been submitted to them. They will find in Table XXVIII. the decennial averages for the same period. If they will look to the month of May for the period 1845-54, they will observe that the proportional figure that stands against it is 99; if they look to the same month for the next decennial period, 1855-64, they will find that the figure opposite it is 101; if they look to the third period, 1865-74, they will find that the figure is 109; that is to say, that the rate charged in May has increased progressively, and is now higher than the average rate of the year in the proportions indicated by these figures. November will also be found to increase progressively in the same manner. November is marked in the first decennial period as 110, in the second as 111, and in the third as 116.

5534. Can you quote any opinion from any person of authority in support of this statement?—I may quote from a statement made by Mr. Weguelin, who was at one time Governor of the Bank of England, in the Appendix to the Report from the Select Committee on the Bank Acts, ordered to be printed by this House in 1857. In Appendix No. 1 to that Report, Mr. Weguelin makes the following remark: "Now, with regard to the oscillation of the internal circulation of the country, I may notice that there is periodically a demand for

currency from the Scotch and Irish banks, which, whilst it produces a most sensible effect upon the Bank of England reserve, is uncontrollable by any action of the bank. At certain periods of the year, especially after harvest, the demand for currency commonly greatly exceeds the authorised issue, and as the excess must be issued on gold deposited in certain specified places, that gold is withdrawn from the bank reserve, to be again restored to it when the reflux of the currency of the Scotch and Irish banks takes place, which is usually in the months of December to March. The Scotch banks very generally exceed their authorised aggregate issue, but with the Irish banks, although the aggregate issue is not usually exceeded, yet it often happens that some are in excess whilst others are under the authorised amount, but as each bank has to provide for its own excess, the demand on the London bullion reserve is as great as if the whole Irish circulation had gone beyond its limit. The banking reserve is acted upon disadvantageously, in similar proportions as practically speaking, it must be understood that the banking reserve is the balance of the total issue after satisfying the wants of the public for circulation." In his evidence, given before the Committee of this House, from the Appendix to which these remarks of Mr. Weguelin are taken, is asked at Question 42; "is there not a demand upon you at that period of the year" (that is to say, in the autumn) "for Scotland and Ireland"? His answer is: "There is a demand for coin, but not for notes." Then Question 43 is: "That coin being intended to sustain the increased local circulation in Scotland and Ireland? (A.) Precisely so. (Q.) Is there not a corresponding demand in the same period of the year for an increased circulation in England and Wales? (A.) Yes, we think there is, but we cannot trace that so well as we can the Scotch and Irish demand. The reason why we can trace the Scotch and Irish demand better than the English demand is this: that by the law of 1845, by which the Scotch and Irish banks were regulated, those banks are bound to deposit a certain amount of coin in specified places for any amount of notes issued by them beyond the amount authorised under those Acts. (Q.) That is to say, if there be a demand for increased circulation of small amounts for retail transaction, it will be transacted in England and Wales by an increase of the metallic currency, but in Scotland and Ireland by an increase of small notes which must be increased by the demand upon you for bullion under the present law? (A.) That is the operation of it."

5535. While the fluctuations of the provincial note circulation have continued to increase, have the fluctuations in the rate of discount increased or not?—Those fluctuations in the rate of discount at the two periods of the year to which I have called the attention of the Committee, appear to me to correspond in increase with the increase of the demand made by those circulations, exactly in the manner specified by Mr. Weguelin.

5536. Can you give the Committee any other reason than those which you have mentioned for believing that those fluctuations are dependent upon the demand for gold for Scotland?—It is impossible for me to show the Committee any other authorised statement of the rate of discount prevalent in this country during the last 30 years, than that charged by the Bank of England; but if they will look to Table XXIV. and Table XXV., they will find the average rate of discount for first-class bills for the 20 years 1825-44. I am unable to quote the Bank of England rates for those periods, as during the greater part of that time the Bank of England followed very nearly an uniform rate. But this table is taken from Mr. D. B. Chapman's evidence before the Select Committee of this House on the Bank Acts, 1857. If honourable Members will look at Table XXV., which contains the decennial averages made out in precisely the same manner as all the other decennial averages in these tables, they will observe in the 10 years 1826-34, that May is the average of the year. In the 10 years 1835-44, the rate in May is considerably below the average of the year, and though the rate in November is high as compared with the average of the year, yet, in neither of those decennial periods is it by any means the highest in the year. This appears to me to indicate that for these 20 years, which are the nearest 20 years which I am able to offer to the Committee as a basis for comparison, there was no exceptional demand for the means of discount during the month of May or in the month of November.

5537. The figures which you quote show that the fluctuations before 1844 do not coincide as to the period of the year with the fluctuations after 1844; can you give any other reason for believing that the fluctuations in the Bank rate are increased in intensity by the Scotch demand at the present time?—In Table XXX., which is the last table of this series, honourable Members will find the Bankers' Clearing House return for the years 1868—74. The reason that I am unable to give the Committee information upon this point as to any earlier date is, that the Clearing House Returns were not published regularly until the year 1868, when they began to be published regularly, through the intervention of the honourable Baronet the Member for Maidstone.

Sir John Lubbock.

5538. They were published in 1839, were they not?—Only a portion of them, and in a very imperfect manner; I have brought out in this table the weekly average in the months of the whole of the period exactly on the same principle as the other averages. If the Committee will look to the last table in that series which contains the weekly averages during the seven years, 1868—74, they will see that the average amount passed through the Clearing House, which we may take as an indication in some degree of the business done in this

country, is in the month of May distinctly below the average of the year, and that November is also below the average of the year; I think that I am therefore justified in the conclusion that the increase in the rate of discount is coincident in time with the increase in the Scotch and Irish demand.

Mr. Backhouse.

5539. What do you, hence, believe would be the result of abolishing the provincial note circulation, and centralising it in the Bank of England?—I am fully aware that tables like these can give only the mere dry bones, as I may say, of a subject like this; but I think that these tables show that if the provincial circulation were abolished and centralised in the Bank of England, or in any central bank of issue, the fluctuations in the demand upon the reserve of such a bank would be increased and augmented, and the fluctuations in the rate of discount would be increased and augmented in the same manner.

5540. If the country circulation were abolished, would such a measure affect the interests of the individual banks only, or the general interests of the country?—I think that the statement shows that such an abolition would affect not merely the interests of the individual banks, but that its extent would spread far further. Narrow as the subject appears to be at first, we find that it affects the interests of the country at large to its fullest extent.

5541. Can you give us any information as to the understanding of the English banks of issue when the Act of 1844 was passed?—1844 was far earlier than my own time, but I may quote to this Committee the statement made by Mr. Rodwell before a Committee of this House, made on the 23rd of March 1858. Mr. Rodwell was questioned as to the feeling of country bankers in England, as to the arrangement made between them and Sir Robert Peel, in the year 1844, and he wrote to two friends of his to ask them to confirm his recollection. The statement is taken from Answer 1276 of the Minutes of Evidence, taken before the Select Committee of this House on the Bank Acts, ordered to be printed on the 1st July, 1858. Mr. Rodwell's letter is as follows: "I hope my recollection of what took place at the interview with Sir Robert Peel and Mr. Goulbourn will be confirmed by your own. I am very clear upon this part of our history. After talking about the issues, and at the conclusion of the conference, it was asked by Sir Robert, 'Are we to consider that the privilege of issue is to cease at the expiration of the 10 years?' His answer was, 'We cannot tell what a future Parliament may do; but if you meet us frankly now, and offer no opposition to the plan, and carry it out fairly, I see no reason why the privilege should terminate.' I then asked, 'May we, then, in dealing with our own firms in the future compositions of our partnerships, consider the privilege of issue as much a matter of inheritance as the other part of our business?' To which Sir Robert replied that he saw no reason to

the contrary, provided no experiments were resorted to on our part to thwart the measures by which the limit of our issues was fixed by the proposed Bill." The answers of Mr. Plumptre, who was at that time Member for Kent, and of Mr. Veasey, who was at that time Member for Huntingdon, were entirely confirmatory of this statement of Mr. Rodwell's. Mr. Rodwell continues: "The whole tendency of the observations made by Sir Robert Peel at the time led us all to the conclusion, not only that the privilege of issue would not be interfered with, but that unless some cause arose the Act itself would be a permanent Act: that is to say, permanent in principle, provided that in the meantime it was found in its operation to work as he expected it to do. Our full impression was that the principle was permanent; that it depended upon the intervening circumstances whether at the expiration of the 10 years the Act should be in any way modified; but he gave us reason to believe that whether disturbed or not, the privilege of our issues should be undoubtedly continued." This statement, I may add, was embodied in Section 64 of the Report of that Committee: "But it does not appear by a reference to the speeches of Sir Robert Peel that he propounded the two measures of 1844 and 1845 as measures of theoretical perfection; on the contrary, they can only be regarded as having been designed to accomplish a great practical object by the least possible disturbance of existing interests. Thus, Mr. Rodwell: 'Then the general result of those interviews was to leave upon your mind the impression that the measure was intended to be a great step in advance towards the establishment of one central issue, which was to be arrived at by voluntary arrangement? I thought that the tendency of the views of Sir Robert Peel was that that would be a natural result; but I thought that his view was that whether that consequence ensued or not the arrangement was a continuing arrangement with the country bankers, in order that that Act might pass without any opposition on their part.'" I may state that the Act of the 5th of June, 1856, intituled, "An Act to continue certain compositions payable to bankers who have ceased to issue bank notes," which repealed Section 25 of the Act of 1844 in its second clause, states: "All the compositions payable under the said Act as amended by this Act to bankers who have discontinued, or who shall agree with the said governor and company to discontinue the issue of their own bank notes, shall, if not previously determined by the Act of such bankers as by the said Act provided, and unless Parliament shall otherwise provide, continue in force and be payable until Parliament shall prohibit the issue of bank notes as defined by Section 28 of the said recited Act, or until the exclusive privileges of the said governor and company mentioned in Section 27 of the said Act shall be determined in pursuance of such section, or otherwise be determined or altered by authority of Parliament." Country bankers, I may say, have entirely held the opinion of Mr. Rodwell as the one by which they were to be guided.

5542. Will you state the substance of Mr. Freshfield's paper written at that time, as to the gold in the Issue Department of the Bank of England?—A paper was prepared by Mr. Freshfield for the information of the Chancellor of the Exchequer in November, 1856. That paper will be found in Appendix No. 17 to the Report of the Select Committee on the Bank Acts, 1858 (p. 427). Section 10 of that paper is as follows: That the provisions of the Act are not for the benefit of the note-holders, but for ascertaining the limit of issue, is clear, not only from the general policy of the Act, but from the contemporaneous enactments as to the banks in Scotland and Ireland, where the issue is equally limited by the amount of bullion without any provisions that could tend to secure that bullion to the note-holders."

5543. Can you put any statement in as to the capital of the London Joint Stock Banks in 1844 and in 1875?—In evidence given before the same Committee of this House as that from which Mr. Freshfield's statement is taken it appears that on the 31st December, 1844, the deposits of the joint-stock banks in London were as follows: the London and Westminster Bank, £2,676,741; the London Joint Stock Bank, £2,245,330; the Union Bank, £1,591,200; the Commercial Bank, £239,622; the London and County Bank, £1,231,412; the total being £7,984,305. The capitals of those banks, as far as I can ascertain from the Banking Almanack of 1845, were, at the same dates, of the London and Westminster Bank, £800,000; of the London Joint Stock Bank, £600,000; of the Union Bank, £422,900; of the Commercial Bank, £80,000; and of the London and County, £160,000; the total being £2,062,900. The corresponding amounts of the deposits of the 11 London Banks in 1874 are given in the "Economist" of the 13th February, 1875, as being £96,900,000; their acceptances and other liabilities, £13,900,000; their total liabilities, £110,800,000; and the amount of their capitals and reserves is stated to be £12,500,000.

Chairman.

5544. You stated just now that you considered that the abolition of the provincial issues would prejudicially affect not only the issuing banks, but the interests of the country generally; will you state a little more fully why you consider that it would prejudicially affect the interests of the country generally?—If the provincial note circulation were abolished, it is perfectly clear that some other note circulation must take its place. If honourable Members look at Table XX., in column 7, as compared with column 2, they will see that step by step as the circulation of the private banks has declined, so the provincial circulation of the Bank of England has taken its place. The excess circulation of the Bank of England is issued against gold. It appears to me that if the fluctuations which I showed the Committee existed in the English country note circulation were transferred to the circulation of the Bank of England, it would affect

the reserve in exactly the same manner as the fluctuations in the Scotch and Irish demand. Those fluctuations, as I have shown to the Committee, correspond with the fluctuations in the rate charged for discount by the Bank of England. It appears to me, therefore, probable that a similar result would follow from transferring the English country note circulation to the central circulation of the country.

5545. Do you consider that the withdrawal of the provincial issues would affect the interests of the particular parts of the country where there are now provincial issues?—I cannot doubt that it would inflict great inconvenience upon those parts of the country.

5546. Why should it be more inconvenient to those parts of the country, where there is a considerable issue, to have that replaced by Bank of England notes than it is for those parts of the country in which there is only a small issue to carry on all their business by means of Bank of England notes?—I think that the public, as well as the bankers, share in the advantages of the issues. The provincial issue enables the country bankers, so far as they possess it, to carry on their business on more advantageous terms; and therefore I think that the public would suffer if that privilege were withdrawn from the provincial bankers.

5549. Do you suppose that that can be due at all to the practice of paying the wages chiefly in gold and in small coin?—It is highly possible that there is a much greater circulation of gold in those districts now than there was in the year 1844. I have made enquiries from one or two banks upon this point, and I find the experience of one bank at Sheffield to be as follows: “In 1843 we paid away from £4,000 to £5,000 weekly; people apologised then for asking for gold. Notes were paid to manufacturers, who clubbed a lot of workmen together, and those got change at a public-house. We now pay away from £35,000 to £40,000 in gold and silver weekly, whilst our returns have increased four-fold since 1848. We could not quite double our note circulation, but our payments in gold have, as above shown, increased at least five or six-fold.” That is an answer from a gentleman banking at Sheffield. I may add generally that this statement is borne out by the information which I have received from other parts of the country. This is a statement from a bank at Manchester: “In 1859 the cash payments, coin and notes, were about 53 per cent. of the total turnover of the bank; in 1864, they were about 42 per cent. of the total turnover; in 1872, they were about 32 per cent; in 1864 the coin was about 8 to 10 per cent., and the notes 92 to 90 per cent. of the total payments in cash; in 1872 the coin was about 15 per cent., and the notes 85 per cent. of the total payments in cash.” The progressive decline in the use of notes thus indicated is remarkable; the influence on the amount of the manner of the payment in wages in this respect is very great. I have received the following

statement from the last-mentioned bank with regard to payments of this description: "When one of our railways began to pay weekly instead of fortnightly, we had to give them double the amount of silver, and nearly double the amount of half-sovereigns that we had done previously."

5553. Can you state what difference it would make to those localities if notes of the branch banks of the Bank of England were substituted for notes of the provincial banks?—I think that they would be subject to those inconveniences as to obtaining gold in payment for those notes, which were mentioned before this Committee in the evidence of Mr. Seeböhm. I may also mention that I understand that in some manufacturing places it is the practice of persons who have no banking accounts to obtain notes of the local banks, in order that when their pay days for wages come they may present those notes to the local banks and obtain gold for them. Of course, if there were no provincial issues they would be unable to obtain similar advantages unless there were branches of the Bank of England in every town throughout the country, as the branch notes of the Bank of England are only payable at the particular branch at which they are issued.

5557. Can you imagine any other disadvantage that would arise from the substitution of Bank of England notes for provincial notes?—I think that the issuing banks would be at considerably greater expense in carrying out their business, for the reasons which have been stated before this Committee in the evidence given by the Scotch banks as to the till money.

5558. How do you account for the fact which you have mentioned, that the provincial circulation has been declining, and that the circulation of the branch banks of the Bank of England has been taking its place?—I think that in many places the provincial banks have ceased to issue where there are branch banks of the Bank of England. I must add, however, that this statement as to the provincial circulation of the Bank of England, beyond any question, understates very considerably the real amount of Bank of England notes actually circulated by banks in the provinces. I understand from the National Provincial Bank, for instance, that they obtain all the notes issued at their branches from London. Those notes, of course, figure in the metropolitan circulation of the Bank of England, whilst they are really circulating in the country. I may add, also, that it is our own practice, and that of a great many other bankers with whom I am acquainted, to obtain the Bank of England notes that they require from London, instead of applying to the nearest branch bank of the Bank of England.

5564. But it would not be so certain that you would be able to cash at the Plymouth branch one issued at the Portsmouth branch?—I presume not.

5569. Those banks which are close upon the limit of their authorised issue remain very steady in the amount of their issue?—I

will take the Leeds Bank, Messrs. Beckett & Co. ; I observe, in looking down the statement of their issue, that they have scarcely varied above £15,000 in any one week during the whole of the year 1874 ; I mean that their highest week was scarcely more than £15,000 above their lowest week.

5570. But there are great variations at the other end of the scale, which are much below their authorised issue?—I mentioned the instance of our own circulation at Yarmouth during the herring fishing. I take the daily statement of the issue here. I observe that in the year 1873, between the 15th of December and the 22nd of December, a period only of seven days, our note circulation at Yarmouth increased £27,000. If we had had to apply to the Bank of England, we should beyond all question, not have considered ourselves safe without less than £50,000 in either gold or Bank of England notes, but the demand was met by our own notes in the manner that I have stated.

5571. Then you infer that the provincial issues are more important in those parts of the country where fluctuations of a rather sudden, or so to speak, violent character occur, than in those where the demand is very stationary?—I do not think that it is to be inferred that the demand is stationary for notes in those places, in which the banks stand close throughout the year to their authorised limits ; for in those places as I understand from every banker there, they are constantly in the habit of issuing Bank of England notes, in order to keep within the amount of their authorised issue. It is obvious that we do not see in this Table what the true fluctuations in a country note circulation would be, because of the limits imposed by the Act of 1844 ; the Scotch circulation I may say, on the contrary, exhibits exactly what the real fluctuations of such a circulation would be.

5572. Then you think that it is probable that in some of those banks which are nearly up to their authorised limit, there are fluctuations similar to those which you have been mentioning in the case of your own bank, but that those fluctuations are met by the issue of Bank of England notes?—Bank of England notes and coin, beyond any doubt ; it is obvious that a banker must supply his customers with what they require, and if he cannot supply his own notes he must supply those of the Bank of England.

5573. But if those bankers who stand at the head of your list are able to meet their fluctuations by the issue of Bank of England notes, why should not the bankers who stand lower down in the list be able to meet their fluctuations by the issue of Bank of England notes?—Beyond any question they would, but then the result would be that those fluctuations would be immediately transferred into the circulation of the Bank of England.

5574. But in the case of those banks which you say are ordinarily up to their authorised issue, and which still have to meet fluctuations

by the issue of Bank of England notes, those fluctuations must be borne by the Bank of England?—And I cannot doubt that they have tended to increase the fluctuations in the proportion of the circulation of this country issued against gold. If the members of the Committee will have the goodness to look through Table XVIII., which contains this statement, they will observe, that as the years go on, and the country note circulation has either been extinguished or become proportionally less able to meet the requirements of each locality, so the fluctuations in the proportion of the general circulation issued against gold tend to increase likewise. I may state that we may consider that the circulation as fixed by the Act of 1844, probably confirmed to a considerable degree to the wants of each locality: although I have received information in the course of my correspondence with the many banks to whom I have written, in order to obtain the information which I have given to this Committee, that in some peculiar cases, owing to the trade of their district being in a depressed state in 1844, the circulation which they were allowed at that period did not correspond with the actual requirements of the district on an average of years.

5575. Then does your argument point to this, that it would be desirable to increase the present limit of the country provincial issues?—I do not know that it tends to that; it appears to me that the country note issues would be in the main sufficient, if they were able to be used to their utmost extent; the manner in which they are locally placed over the country prevents that from being possible.

5576. Would you then try to re-arrange the provincial issues?—That is a very large and difficult question, and I should wish in answering it to express my own opinion merely, and not to be supposed to speak for any else; I think there are restrictions placed by the Act of 1844, as to the transference of the circulation from one bank to another bank, which have been uncertain in their working. They have given those banks which possessed an issue a property to keep, which is not a property to sell. Those banks, therefore, retain their issue. If they had been allowed the privilege of amalgamation on the same principle as the Scotch banks, I take it that we should find the English circulation far closer to its authorised limit than it is at the present moment.

5582. With regard to the question of this privilege being an inheritance, what is the interpretation which you put upon those words in the Act of 1856, which you quoted, in which the privilege is continued, viz., “until Parliament shall prohibit the issue of bank notes, as defined by Section 28 of the said recited Act”?—It appears to me that the reading of the Act implies that those compositions payable to bankers, and as I understand it, the arrangement upon which their issue stood, should remain in force “until Parliament shall

prohibit the issue of bank notes, as defined by Section 28 of the said recited Act, or until the exclusive privileges of the Governor and Company of the Bank of England mentioned in Section 27 of the said Act shall be determined." I conclude that there is no other meaning to be placed upon that than that of the words.

5583. Do you suppose that it is ordinarily the case in Acts of Parliament that words are put in to the effect that such and such is to be the law until Parliament shall determine something else, unless it is intended to convey a notice that Parliament may probably at some future time determine something else?—I have not intended to convey to the right honourable gentleman any opinion on my part, that it is not within the power of Parliament to determine the privileges of country bankers, but merely that they understood, in consequence of the statement made by Sir Robert Peel to Mr. Rodwell, that so long as they continue not to trespass against the intentions of that Act they would be allowed the possession of those privileges which they at that time enjoyed.

5584. Then you do not think that their privileges would have appeared to be at all upon the former footing if these words, "until Parliament shall prohibit the issue of bank notes, as defined by Section 28 of the said recited Act," had been omitted from the Act?—Perhaps it would be better that I should read Sir Robert Peel's words: "Sir Robert Peel replied that he saw no reason to the contrary," that is to say as to the continuance of the right of issue, and regarding it as an inheritance, "provided no expedients were resorted to on our part," that is on the part of the country bankers, "to thwart the measures by which the limit of our issue was fixed by the proposed Bill." I may mention in explanation of that that it might have been possible for bankers to contravene the intention of the Act by issuing short dated bills under peculiar circumstances, but that the country bankers, as a body, most honestly and firmly stood by the Act of 1844, and have never attempted to thwart it in any way; I conclude that that is what Sir Robert Peel referred to.

5591. Do you think that it is very common in an Act of Parliament to say that such and such a thing shall be done until Parliament shall do something else; unless Parliament shall do something else; unless Parliament has contemplated that doing something else as being at least within the range of probability?—The right honourable gentleman has far greater experience in Acts of Parliament than I have; but is it not the case that in Acts of Parliament powers are frequently reserved which it is not intended should be put in force.

5592. Have you at all considered the question of giving securities for bank issues?—If the right honourable gentleman will have the goodness to look at Table IX., page 23, he will observe that the bank against which the number 49 is placed, is a bank which possessed an actual issue of 81 per cent. of its authorised issue. I find,

on investigation, that the banks which at the present time keep in circulation above 80 per cent. of their authorised issue have an authorised issue of £3,271,448, and an actual issue of £3,030,361; that is to say, collectively, they issue 92 per cent. of their authorised issue. Those banks which have 80 per cent. and below of their actual issue at the present time, possess an authorised issue of £3,189,537, with an actual issue of £1,846,539; that is to say, the actual issue of these other banks who are 89 in number, whilst there are 78 in the previous division, is only 58 per cent. of their authorised issue. I conclude that this question is put to me from a practical point of view, and not as a matter of principle; for I think as a matter of principle we must all be agreed; and I think that the right honourable gentlemen will see that there will be at once a vast difficulty in applying the question of giving security by the banks with the lower proportion of issue. They have collectively an authorised issue of more than £3,000,000, but an actual issue of less than £2,000,000. I presume that any question of security would apply to the authorised and not to the actual issue. If it were applied to the actual issue, and those banks were for the future confined to their actual issue at the present time, it would amount, I think, in the opinion of the country banks, to a confiscation of so much of that part of their right of issue. Therefore the right honourable gentleman will see in what a difficulty he would place those banks. They have to meet their notes in their own district and also in London; it would be necessary that they should find security, we will say, for £3,000,000, and also for the cashing of £2,000,000 of notes, which, I think, could not be estimated at less than, keeping in reserve, £1,000,000 more; that is to say, those banks would have to set aside £4,000,000 in order to provide for about £2,000,000 of actual circulation. I should not wish it to be understood from this statement of mine that those banks would have any difficulty in providing the security.

5598. You will understand that in my questions I do not intend to throw the smallest imputation upon the perfect ability of the banks to meet the amount of notes which they are authorised to issue; but that is a different question from the authorisation of their issue being given conditionally or unconditionally; at present, as I understand, it is given conditionally, and a certain bank is authorised to issue to the amount of £10,000; do you think that it would be right and reasonable, if it were practicable, to call upon that bank to give security for £10,000?—I have endeavoured to state one of the practical difficulties which would arise if such a proposal were carried out, which I think will be very obvious, if the right honourable gentleman examined the statement of the proportion which the actual issue of a great many banks bears to their authorised issue.

5599. Then you mean to say that the inconvenience which the

application of the principle would involve, overrules the principle itself?—I meant to say, that it might impose a great hardship upon many banks whose circulation is considerably below their authorised limit.

5608. Have you ever considered the question, by what process a value might be ascertained for the amount of the issue of a particular bank?—Supposing that a bank had an authorised issue of £10,000, could you give us a formula by which the value of that £10,000 issue could be ascertained, so that, if it were bought up, a price could be given for it?—I think that it is extremely difficult to ascertain the real value of an issue to a bank. It has been stated, I believe, in evidence before this Committee that the National Provincial Bank considered their issue, which was about £400,000 in amount as being equivalent to the use to them of £1,000,000 of deposits; and I think that that answer will explain how difficult it is to place a value upon a right of this description.

5610. You cannot take, for instance, the amount of the issue, and reckon that as producing a certain sum per annum according to the amount of the rate to be earned upon that, and deduct from that the expense of keeping up the circulation, and so arrive at the annual profit?—I think that the mere money value of the issue estimated in that sense only inadequately represents the value of an issue to a country bank. As I have previously mentioned, it appears to me that the circulation has invariably, in every country in which banking has been widely extended, preceded, and fed deposits; that is to say, that persons have been attracted or brought to a bank through the fact of their holding the notes of such bank. I think that from that point of view the right of issue possesses a value beyond its mere money value, estimated in the manner which the right honourable gentleman has just stated.

5611. Do you think that in those parts of the country, where there are no provincial banks of issue, but where there are other banks which are not banks of issue, or where there are branch Banks of England, people are not attracted to the banks?—I mean attracted in this manner: that having notes of an issuing bank in their hands they would naturally be brought to such a bank in order to obtain change for their notes, and naturally would be led, if they had an unusual number of the notes of such a bank in their possession, to place them on deposit or on an account with such a bank.

5612. You think that in fact the notes act as a sort of advertisement?—Certainly.

Mr. Goschen.

5615. Do you think that that tendency which you have just described is partly due to the fact that the public hold a certain number of notes of a bank of issue, and that they are accustomed

in that way to give credit to that bank, and say, "Well, we may as well give them credit in the form of deposits as hold their notes"?—I think that persons who receive the notes of a bank in the way of their business, and who have for years done so, cannot fail to be guided in their estimate of the credit of the bank by such a fact.

5618. With regard to your answer as to the practical effect of giving security, I understood you, in your calculation, to assume that security would be held, firstly, on behalf of the authorised circulation; that, secondly, a certain amount of reserve would have to be kept in London; and thirdly, a certain amount of reserve in the till of the bank itself?—Certainly.

5619. What proportion do you consider in those calculations would be held in London and in the till of the bank?—I conceive that such a proportion must vary with the circumstances of each individual bank.

5620. Still you assumed a proportion in your calculation, did you not?—It has been stated before this Committee that various banks held the whole amount of their circulation, and more in the legal tender of this country.

5621. But in the calculation which you submitted just now you assumed, did you not, that a certain amount or proportion would be held in London against the authorised issue, and a certain amount in the tills of the bank?—The circumstances must vary in each case. A bank with many branches, of necessity must hold more.

5622. Will you repeat the proportion that you assumed?—I gave it in a rough manner as being about half of the actual issue.

5624. Half of the actual issue would be held in London, and in the tills of the bank itself?—Perhaps I should have said rather, the power of meeting half; but I think it is scarcely possible to apportion it exactly. It has been stated as I have mentioned, by several banks, that they held in their tills legal tender against the whole amount of their circulation; and, beyond question, they have also reserves in London to meet such notes as might be presented.

5635. Could your bank come to London and establish a branch here?—Yes, we consider that we have that right as private bankers.

5636. Your position in that respect is different from that of the joint stock banks, is it not?—We conceive it to be so.

5637. Is the point not perfectly clear?—There has been so much doubt thrown upon the law since the commencement of this inquiry, that I should be extremely reluctant to state any point in it that is really clear.

5638. Has the question been raised before the appointment of this

Committee, as to whether you had or had not the power?—Is that question meant to apply to the knowledge possessed by my firm?

5639. Knowledge possessed by you personally?—In 1864, when the whole question was raised, it was clear to us that we had the right of coming to London if we desired it. I mean that our right of issue was not on a similar footing to that of the joint-stock banks.

5640. In that way you stand upon a more favoured footing than the joint-stock banks?—I conclude so, if we choose to avail ourselves of it.

5644. It might happen, might it not, that bankers who would be anxious to issue up to the authorised limit would be unable to do so for fear that at any moment they might exceed the authorised amount?—Beyond question that is the case with all the banks who are close to their authorised issue.

5645. Is that a restriction upon English bankers which you consider would weigh upon them in any way?—I consider that those banks who are in such a position as that they could issue more if they were allowed to issue against gold, are in that respect in an inferior position to the Scotch banks.

5646. Have you considered the question of the issue of the £1 note?—I should be extremely reluctant to see a £1 note issue. I represent a bank which, when the right to issue £1 notes existed, had an issue of about £100,000, and I have no doubt that, at the present time, if the right existed, we could issue again to that extent, but I should be extremely reluctant to see that power exercised.

5647. Will you explain to the Committee as fully as you can, in every respect, your reasons for that opinion?—I think that as a matter of principle, no note ought to be allowed to circulate which is the unit of the circulation, as I think it tends to displace the circulation of gold to an undesirable extent.

5648. You consider it to be important that a certain amount of gold should remain in the country, and you consider that the circulation of the unit in that metal promotes the existence of a large amount of gold in a country?—Beyond question.

5649. Could you give any further reasons for the opinion which you have expressed?—I think that in times of panic, or in any time of difficulty, the existence of so large a note circulation would be very undesirable. I think also that there is a considerable risk from forgery.

5651. Could you give the Committee any statement as to the amount of forgeries of £1 notes, either of your own bank or of other banks?—The £1 note circulation existed a great many years ago, in the time of my grandfather, and I have no information beyond that which is contained in that book. The right honourable gentleman will observe that there are specimens of forgeries not only upon our own bank, but upon other banks in our vicinity.

I conclude therefore that the practice of forgery was very extensive at that period.

5652. Supposing that the right were offered to you as a private banker to issue £1 notes, would the risk of forgery be so great as to induce you to refrain from availing yourself of the privilege?—I think that it would be most undesirable to issue £1 notes, and I think that the question of forgeries is one of the difficulties which would beyond question arise.

5653. Do you think that it is, or that it is not, a grievance to English issuing bankers, as compared with Scotch issuing bankers, that the one class of bankers may issue £1 notes and that the others may not issue £1 notes?—So far as the Scotch banks can issue £1 notes, they have clearly an advantage beyond the English banks.

5654. But nevertheless you personally, I understand, would deprecate the extension of the £1 note to England?—Certainly.

5655. It would economise to a considerable extent the use of the precious metals, would it not?—Beyond question I take it that the £1 notes would supplant the circulation of gold to the extent of such an issue.

5656. I understand you to mean that you think that the economy of the precious metals secured by the circulation of £1 notes would be dearly purchased by weakening the total amount of gold in the country upon which the aggregate circulation rests?—Certainly.

5657. Could you give any evidence as to the cost of a £1 note circulation as compared with a metal circulation?—Does the question apply, may I ask, to a circulation issued against gold; is it simply the wear and tear of the precious metal?

5658. The wear and tear of the precious metal as compared with the cost of fabrication of the £1 note?—The right honourable gentleman will observe in the book which I have handed to him, a specimen of a £1 note which we issued; perhaps I had better read, in answering him, a letter which I have received from the manufacturers of our notes: "London, 69, Fleet-street, 18th June, 1875.—Dear Sirs,—In reply to your letter of yesterday's date, we beg to state that our charge for plate, paper, printing fronts and backs, and numbering notes, similar to those issued by Messrs. Gurney & Company, of Yarmouth, would be 95s. per thousand notes complete, or £47.10s. for 10,000. If the notes were ordered 50,000 at a time there would be a saving of 20s. per thousand notes.—(signed) *Perkins, Bacon & Co.*" At 75s. per thousand, each note would cost nine-tenths of a penny, or about a penny a note; but the mere printing of the notes is only a part of the expense of a note circulation. It is necessary to keep a register of the notes which are written on, and the notes which are written off, and I take it that the expenses upon that would be very considerably more. I do not think that we could esti-

mate the cost of a £1 note circulation kept in a reasonable condition as being much less than $1\frac{1}{2}d.$ per annum for every note issued, and I think that the cost of a gold circulation is very much less than that; I mean that the deterioration in the gold coinage is very much smaller than $2d.$ a year on each sovereign.

5659. The difference in cost, however, would be more than compensated for by the interest which would be gained by substituting the paper for the gold, would it not?—I think that a £1 note circulation issued against gold would be far more expensive than a gold circulation itself.

Sir John Lubbock.

5665. With regard to your technical right of coming to London, that point was never practically raised, was it?—It was never practically raised; we were aware of it. I think the fact that we have never exercised it is a sufficient answer upon that point.

5670. With reference to the questions as to the value of the right of an issue to a bank, I presume that the value of the right of issue of, say £60,000, is very different under the English restrictions from what it would be under the circumstances of the Scotch banks?—The value of the right of issue in Scotland is far greater than the value of a similar right of issue would be in England.

5671. I suppose that the right of issue is much more valuable to a bank with many branches than to a bank with only one branch?—Certainly.

5696. The country banks throughout England make use of the country clearing, do they not?—They do, and they find it extremely advantageous and useful to them.

5697. Your own firm uses the country clearing, I believe?—We did so from the first moment that it was instituted.

5698. There have been some differences between the witnesses who have been examined before this Committee as to the working of the country clearing. Will you have the goodness to state to the Committee, from your own experience, whether any, and if so what loss of time results from using the country clearing as against a case in which a cheque is sent direct by post?—I think I had better hand in to the right honourable chairman the memorandum which was drawn up by yourself when the country clearing was established, and which has been acted upon without change ever since. That will explain the *modus operandi* quite clearly, and the Committee will see that in many cases there is no loss of time, and that in no instance does the loss of time exceed one day. I will put in the rules for the conduct of the clearing of country cheques in London. (*The same was delivered in, see Appendix*).

5699. I understand you to say that the maximum loss of time is one day ?—It is one day only.

5703. If two banks are competing in the same area, and one of them has, in respect of charges, an advantage of 1s. or 2s. per cent. over the other bank, any such competition would be carried on upon very unequal terms, would it not ?—Certainly.

Mr. Anderson.

5722. I think you stated that you would object to the taking away of the provincial issues on account of its centralising tendency, and on the ground that it would increase the pressure for gold at certain times, and I believe you said that the pressure for gold would be increased and augmented !—I think I said that the pressure upon the reserve of the Bank of England would be increased.

5723. What difference do you attach to the expression, “increased and augmented ;” do you attach any different idea to the two words, because you used them several times in connection ?—If I may distinguish, I think that the times of pressure would be increased in number, and that the pressure would be augmented as regards the amount which would be withdrawn from the reserve.

5724. At present, by your Table IX., you show that the English provincial banks are about £1,500,000 below their authorised circulation, and you say that it would be a great advantage to the English banks to be allowed to use up their full authorised circulation ; would it not be a great advantage to the public that they should be able to do so ?—I think that the advantage of an issue is partly to the public and partly to the issuing bank, and therefore I consider that the public would be benefitted if the actual English circulation approached more closely to the authorised circulation.

5731. Then your objection to the issuing of £1 notes is a theoretical objection, is it not, or is it founded upon any experience that you have had of £1 notes ?—There has been no issue of £1 notes in England for about 40 years, and therefore I myself have no experience of a £1 note circulation ; but I consider that the practical disadvantages of it were in the first place the vast number of forgeries that took place, and in the next place the vast number of forgeries that would take place if such a circulation existed at the present time.

5747. Supposing that there were in England 11 issues, as there are in Scotland, do you think that the risk of forgery would be as small as it is in Scotland. I suppose you are aware that there is no such thing as the forgery of £1 notes known in Scotland or in Ireland now ?—I consider that the fact that there are only 11 banks in Scotland must tend very greatly to diminish the number of forgeries. Every cashier of every bank is presumably well acquainted with the notes of every other bank.

5769. You object to securities being asked from the banks for their notes, do you not?—I did not object; I only pointed out the practical difficulties that would arise.

5770. You said that it would require them to deposit securities for a very much larger amount than the profit which they would derive from it, did you not?—I said that it would compel those banks whose actual issue was below their authorised issue to deposit a far larger amount of securities in proportion to their issue than the other banks whose actual issue approached more closely to their authorised issue.

5771. But that is only supposing that security were asked for their whole authorised issue?—I cannot imagine that security could be asked for on any other basis.

MONDAY, 28TH JUNE, 1875.

Mr. ROBERT HARRY INGLIS PALGRAVE, recalled, and further Examined.

Mr. Orr Ewing.

5803. You have given to the Committee voluminous and interesting statistics, but there is one piece of information which you have not given, and that is as to the extent of your deposits, and of the charges which you make to the public for conducting their business?—The information as to our deposits we have, as I stated, given in to the right honourable gentleman in the chair, who will doubtless communicate the amount to you in the total of the information with which he will supply you. I am exceedingly sorry that it is not in my power to supply you with the information which you desire. It is not the custom of private banks to publish their balance-sheets; if it were, we should have much pleasure in doing so.

5805. You decline to give that information, as regards your individual bank, because you are a private bank?—It is so little the custom of the private banks to give this information that I hesitated to do so when I was asked on Thursday; but if I state that we allow interest on the daily balances of current accounts, at the rate of 1 per cent., and charge our customers on the daily balance brought out in a similar manner at 5 per cent., and that I am convinced that our charges for commission, on the aggregate, do not amount to one-eighth per cent., and that we also allow interest on deposit accounts at rates varying with the value of money, and further that, having very carefully gone through the statement of Scotch charges, which was put in by Mr. Davidson, I am satisfied, from my knowledge of the working of our business, that our charges and allowances to our customers are more favourable than those of the Scotch banks; I hope I have answered your question.

5806. Under those circumstances, would you not think it wise that

private banks, with the privilege of issue, should, in the interests of the banks themselves, not only give information to this Committee, but should make their transactions public, so as to inspire confidence in them?—I have no hesitation whatever in saying that if the firm I represent were to publish their accounts in the manner of the joint-stock banks, it would tend to increase our business; I cannot say to increase the confidence of the public, because I take it that we have that now to the fullest extent; but as it is not the practice of private banks to do it, we have never published such a statement.

5807. I quite believe that you have the confidence of the public; but not speaking of your individual bank, but as a general principle, do you not think that it would be wise for private banks to publish the transactions of the bank, in order that the public may see how they manage their business, and ascertain whether all the private banks are trustworthy or not?—I think that there are nearly 200 private banking firms in England, and the honourable gentleman will excuse me from answering for all of them. Simply as a general principle, I cannot doubt that the more publicity a bank gives its affairs, the greater the business it will do.

5808. Do you consider that the secrecy with which private banks conduct their business has been to a certain extent the cause why the circulations of private banks have dropped below their authorised limits?—Not in the slightest degree; I attribute the amount of the circulation of the private banks, as I do that of the circulation of the joint-stock banks, to the peculiar circumstances of the districts in which they carry on their business. It has so happened that private banks are more generally found in the agricultural districts of England, where the population has either remained stationary, or at least, speaking generally, has not advanced for the last thirty years. I take it that the altered habits of those districts, the greater number of deposits now received, and the manner in which business is now carried on, has limited the circulation in them. I observe that joint-stock banks carrying on business under similar circumstances as to district with private banks, generally stand at pretty much the same proportion of their actual to their authorised issue. If the honourable gentleman will look through the table which I have prepared, I think that, in a general way, he will find that it bears out my statement. Nevertheless, I may mention that a joint-stock bank, as it happens, is the lowest but one in the list of proportions of absolute to authorised issue; but, as I mentioned before, no inference can be drawn from the circulation of a bank as to the extension of its deposits. I therefore take it that it is the circumstances of the district, and in no sense any other point, which affects the circulation of each bank.

5814. There has been, I think, some opinion stated by members of the Committee that the Scotch banks do not conduct their business on such safe principles as the English banks; do you share in that opinion?—I do not share in that opinion. Perhaps the honourable

member will allow me to read a statement made in the speech of Sir Robert Peel on the 5th of June, 1845. This is the continuation of a speech which I quoted last Thursday: "The reason why England is able to maintain its system of banking is, that England has adopted another course. A great country having taken measures to secure a sufficient supply of gold may permit, in a distant part of the empire with a more limited amount of commerce, a different system of banking to prevail with security. But the security of the system which prevails in Scotland rests in the amount of gold in England, and it is this which enables Scotland to dispense with an amount of bullion in proportion to its circulation, which, and not the solvency of the banks, ought to be the foundation of the promissory notes. I am not surprised that Scotland should wish to be exempt from this; I am not surprised that Ireland should wish the same; and I do not say that it may not be possible, by taking the whole expense of maintaining a gold currency upon this part of the empire, that another system may not succeed in other parts of the empire. But I do say that it is just that the burden should be borne in equal proportions by all parts of the empire, for I believe that that alone constitutes the real foundation of a safe issue of paper. I do not ask from Scotland that it should bear more than its fair share. I know that generally the banks in that country have been conducted in a manner most creditable to all concerned with them. I think their system is preferable to that which prevails in this country; but I see no reason why, in the use of an extended issue of promissory notes, the banks, with their immense amount of paid-up capital, should not have a small amount of *bona fide* gold currency to provide for its future increase." I trust that the honourable member will not consider me presumptuous in stating that I entirely agree in that part of Sir Robert Peel's statement, that generally the banks in Scotland have been conducted in a manner most creditable to all concerned with them.

5822. Was not the object of the Act of 1845, as introduced by Sir Robert Peel, to insist upon Scotland bearing a portion of the expense of maintaining the gold currency in the country?—I believe that Sir Robert Peel's object in introducing the Acts of 1844–1845 (which we must view as one for this purpose), was to make the paper currency of this country fluctuate in the same manner as a gold currency; and that was the object of the particular limitation which he placed on the Scotch and Irish banks.

5881. No doubt it would be an improvement if private banks were allowed to amalgamate; would you have any objection to be allowed to amalgamate so as to become a joint-stock bank?—As I have stated, every restriction of this nature appears to me to be exposed to the probability of being injurious; but it is a very wide question, and I can scarcely answer it off-hand.

5884. Do you not think that it is of great advantage that banks

should be of some size, so as to be able to open branches in important districts in the country?—There are great advantages in carrying on business in a mixed district.

5887. Do you not think that that being so, and the banks in Scotland being only eleven in number, with a close connection between them, with an arrangement by which the amount of interest on deposits and the amount of charges for discount are regulated, that system is calculated to produce greater safety in the conduct of their business than having the great number of banks that exist in England?—I understand that the charges made by the Scotch banks, and given in evidence, were minimum charges, and that deviations from those rules were permitted in different parts of the country. I do not think that it is possible to lay down an iron rule as to the whole of a country. In a poorer district, for instance, you could not make the same charge that you could in a wealthier district.

5901. Are you of opinion that no banker having a right to issue, whether in Ireland, Scotland, the Colonies, or India, ought to have a right to come to London, or any part of England to conduct business?—That is a very wide question. I do not think that it is desirable to exclude colonial banks, whose business is of a very different nature from that of the other classes of banks.

5902. Do you think that banks from Ireland and Scotland should be excluded?—I think that banks having peculiar privileges can hardly expect to be allowed to compete with banks which have not got those peculiar privileges, so far as those privileges extend.

5904. Do you think that because they have the privilege of issuing £1 notes, they ought not to be permitted to come to London?—I think that that privilege gives them an advantage over English banks.

5907. But as one of the great English public, if you could for a moment separate yourself from the bank, do you think that it would not be to the advantage of the English public to have an additional capital imported for the conducting of their great concerns?—As I understand, it has been stated that the opening of the Scotch banks in England will not bring any additional Scotch capital to England than has already come there; therefore I do not see that more capital would be brought for the benefit of English business, as is stated by the honourable gentleman.

5908. Why is it that you, as a banker, should be so much afraid of the Scotch banks coming to England if they are not to import more capital for the conducting of business?—I have never stated that I personally viewed their coming in that way.

5909. I am speaking of you as a banker?—There is no question that the English banks object, and to my mind fairly, that other banks with greater privileges than their own should open offices in London or in England.

5915. You handed in a paper as to the amount of gold in circula-

tion in England, which you stated, I think, to be £100,000,000?—Yes, I stated it to be £100,000,000.

5916. You stated, I think, in your evidence that the amount of coinage in Australia and in England amounted to £251,762,000?—I handed in a statement, from which I conclude that you are reading.

5917. And then, under 11 different heads, you make deductions amounting to £151,762,000, leaving £100,000,000 in circulation?—Yes; that is the estimate of the amount of gold coinage circulating in Great Britain and Ireland at this period.

5918. And that is over a period of 58 years, is it not?—The statement extends over that period.

5919. One hundred and fifty-one million pounds for 58 years amounts to about $1\frac{1}{4}$ per cent. of yearly absorption, does it not?—Yes.

5920. If you turn to Sir Robert Peel's statement in 1845, he there gives the total coinage from 1816 to 1842 as £77,119,000?—That includes silver, and my statement only extended to gold; 60,106,000 sovereigns, and £17,013,000 in silver?—My statement referred to gold coinage only.

5921. From that £60,000,000 of gold he deducts £36,113,000 upon one basis only, whereas you give 11 bases?—I believe my statement to be the best with which I could furnish this Committee.

5922. I wanted to bring out the fact that Sir Robert Peel's estimate amounts to 5 per cent. of yearly depreciation?—That is perfectly true, but the circumstances of the coinage since 1844 have been very largely different from those previous to 1844.

5923. In what respect?—A much greater amount of gold has been coined annually on an average of years since 1844 than previously.

5924. Would not the various items be aggravated rather than diminished since 1844, if it required 5 per cent. to be deducted from the coinage in order to arrive at the true amount of the circulation from 1816 to 1842, which is 25 years, do you think that it is at all likely to be correct that you should only deduct $1\frac{1}{4}$ per cent. since then?—The honourable Member will see that Sir Robert Peel's estimate is that the deduction was 33 per cent. at that period.

5925. The amount of money which was again returned to the bank, and which was found to be light, was in one year 33 per cent.; but that had not reference to the whole?—The honourable Member will observe that Sir Robert Peel's statement is this: "I think the best conjecture that can be formed, and it is necessarily a very vague one, would give as the probable amount of gold coinage circulation in this country between £30,000,000 and £35,000,000." I would add that since that period Professor Jevons, of Manchester, has made an extremely careful calculation as to the amount of gold

coin in existence in this country, based upon inquiries made at a vast number of banks, and Professor Jevon's statement has been used as the basis of almost every subsequent investigation. It was made about the year 1866, and I think that it enabled us to form a more correct idea of the gold coinage in circulation in this country than any previous investigation.

5926. Supposing that Sir Robert Peel was correct, and I have no doubt that he took the best means of arriving at a correct conclusion, in saying that there was then £35,000,000 in circulation, can you state what was the amount of the paper circulation at that time in England?—In 1844 it was about £37,000,000 in the United Kingdom; in England it was about £28,400,000.

5927. What is the circulation of notes now?—About £31,000,000 in England.

5928. Do you think that the circulation of gold has increased from £35,000,000 to £100,000,000?—I do; I had the honour to read to this Committee on Thursday a statement from Manchester and from Sheffield tending to show the vast increase in gold circulation within recent years. I have a statement from Messrs. Lampton & Co., of Newcastle, who tell me that they paid over their counter at their head office in Newcastle alone in the year 1869, £2,980,768, and in the year 1874, £5,249,120; I have also a letter from Hull, which informs me that within the last seven years the circulation in gold alone has quadrupled. I am thus able to place before the Committee investigations at four very important points in the kingdom, and they all show how very large the increase in the circulation of gold has been within recent years.

5929. Do those parties also tell you what they have paid over the counter in notes?—They give me the note circulation in one case, and that has gone up in a much smaller proportion.

5930. What is the amount?—The increase is from £6,000,000 to £8,000,000.

5931. What is the amount returned as having been paid over the counter in gold?—In 1869 they paid over about £3,000,000 in gold, and about £6,000,000 in notes. In 1874 the gold had risen to £5,000,000, and the notes only to £8,000,000.

5932. So that the note circulation is much greater than the gold circulation?—Yes, at that point.

5933. I suppose that, though a banker pays gold over the counter, it immediately comes back to him from his customers?—That is as it may be.

5934. What was the circulation in Scotland in 1844?—It was at the authorised limit at that period.

5935. What was the actual circulation in the year 1845?—It was £3,000,000, and it has now increased to £6,000,000.

5936. Is the circulation now £6,000,000?—Yes, the returned circulation.

5937. The circulation of Scotland is at present £6,000,000; if you

multiply that by $6\frac{1}{2}$ (the population of England being six-and-a-half times as large as that of Scotland) what does that amount to?—I think the honourable Member has not quite gone into all the points of this inquiry; I must add to that the £2,000,000 excess which was given in evidence by Mr. Redman, as being at least the amount of the Scotch circulation before the exchanges were made, and I must also add £1,000,000 as the assumed amount of gold circulating in Scotland, for we have had it in evidence that more gold is returned by the Scotch banks than is brought from England. That brings up the circulating medium in Scotland to about £9,000,000; that is about £2. 15s. a head.

5938. That would make the total circulation according to the population of England, £59,500,000, would it not?—£59,500,000; I am not prepared to say that I agree with your statement of the circulation in England, as it appeared to me to leave out several important elements; I think that to make the comparison with any advantage we ought to ascertain absolutely the amount of the circulating medium in both countries.

5939. According to the circulation in Scotland, which is thoroughly ascertained, with the exception of the gold, which you give Scotland greater credit for than I was prepared for, you would make the circulation in England upon the same basis, £59,500,000?—Yes, that is perfectly true, but the honourable Member must bear in mind that the circumstances of the two countries are entirely different. The circulation of a country appears to me to depend upon the wealth of the country, and if I take the income tax in England and Scotland as the basis of an estimate, the property and income tax in England in 1874 was £4,800,000, while in Scotland it was about £490,000. But, perhaps, the honourable Member will not accept the income tax as a basis of comparison between the wealth of the two countries, inasmuch as income tax may be deducted in England upon dividends paid in Scotland. I, therefore, propose to take the assessed taxes of the two countries as the basis of my estimate. The assessed taxes in both England and Scotland are upon dogs, servants, carriages (at that time upon horses), horse dealers, hair powder, and armorial bearings, which we may take to represent the luxuries of the countries. The assessed taxes in England were £1,167,000, and in Scotland £85,000. If the honourable Member carries out this computation, which I submit he should do fairly, as to the relative wealth of the countries, he will see that the circulation is in England considerably smaller in proportion to the wealth of the country than in Scotland.

5940. Then you think that it is not inconsistent with the fact that England should have a circulation of £59,500,000, calculated upon what the real circulation of Scotland is that England may have, under the circumstances which you explain, a circulation of £131,000,000?—To that statement of £100,000,000 must of necessity be added the assumed quantity of bullion in the bank, which brings it up to £115,000,000, and to that must be added the paper circulation

making in all £146,000,000. But from that we must deduct the amount of gold in reserve in the two countries and in England ; there is £21,000,000 in the Bank of England. I assume that the amount of gold in reserve and in circulation in Scotland is £5,000,000, and in Ireland about £7,000,000, for we have had it in evidence that two banks in Ireland returned annually about £900,000 in gold to London. Then I must deduct also the amount of gold and bank notes held by the English banks, and also the bank notes circulating abroad, and I cannot take off less than £16,000,000 for those. I, therefore, arrive at an estimate of £95,000,000 of circulating medium in England, which, as I have endeavoured to show to the honourable Members, appears to me a much smaller proportion relatively to the wealth of the country than the corresponding circulation of £9,000,000 in Scotland.

5941. And I understand that that estimate of £100,000,000 in circulation, includes the money held by the banks?—Certainly. It is the estimate of the gold coinage actually in existence at the present moment in Great Britain and Ireland.

5942. I thought that you added £15,000,000 in the Bank of England?—I have to add that, because it is deducted again in the reserves of the Bank of England, as the honourable Member perceives. I was anxious to place it before him in the clearest manner possible.

5943. Have you then calculated what £131,000,000 would be in the pockets of every man, woman, and child in the nation?—My estimate is that, after the deductions which I have made, the circulation in England is about £4 a head, and in Scotland about £2. 15s. a head, and relatively to the wealth of the country, I think that the English circulation is smaller than the Scotch circulation.

5952. Deducting £28,000,000 from £95,000,000, you get £67,000,000 ; therefore you come to the conclusion that we have £67,000,000 of gold in circulation in England?—I think that that is not an impossible amount ; I have given the honourable Member statements from four banks which show the enormous amount of gold which those four banks circulate. The honourable Member will bear in mind that it is impossible to get absolutely precise information upon this point.

Sir Graham Montgomery.

5956. How many provincial banks are there in England upon the same footing as you are, that is to say, with less than six partners, that would be entitled to establish branches in London if they were so inclined?—I take it that every English provincial private banker is at liberty to open in London, but as a matter of fact, not one has availed himself of that privilege. I believe it is a fact that issuing private banks may open if they like in London if their partners are less than six in number ; there are 113 issuing private banks in England.

5957. As regards competition with London bankers, which has been so much brought out in this inquiry, is not the risk of those

English provincial bankers who would be entitled to do so, coming and establishing branches in London, a cause for much greater alarm and anxiety to London bankers than the Scotch banks coming?—I think that the English provincial bankers, as a rule, have been entirely satisfied with the manner in which their London agency has been conducted, and therefore that they are not likely to come to London.

5958. Might not the London bankers feel much greater alarm from English bankers coming to London than from the few Scotch banks that can come to London?—As a matter of fact, there can be no doubt that the London bankers have been aware of this state of things, and they have never exhibited any feeling upon the point, that I am aware of.

5959. Is it not reasonable to suppose that their apprehension would be much greater as regards the English country bankers than as regards the few Scotch bankers?—I do not think that it would be so at all; I think that they would feel that existing arrangements are likely to endure.

Mr. Campbell-Bannerman.

5960. Is it your opinion that the Scotch banks by opening branches in London, or elsewhere in England, would use more capital for the benefit of the English public than they are able to employ in England at present?—It has been stated in evidence by (if my memory serves me rightly) Mr. Fleming, that no increase of the amount of Scotch capital in use in London was to be looked for from the opening of Scotch offices in London; already they employ a great proportion of their funds in London, and, as I understand, they are not likely to increase them.

5962. You do not think that they would do business for the public cheaper?—No, I do not think that they would do business in London cheaper. They have stated that, in coming to London, they have conformed to the London rules of business.

5966. Therefore they would not compete on unfair terms with the English bankers?—Their position being strengthened by the state of circumstances in Scotland they would, to that extent, be on better terms so far as their shareholders were concerned than the English banks, as I understand it.

5974. You consider that there is nothing to prevent a private bank of issue such as your own, not having more than six partners coming to London and doing business there?—I understand that such is the law.

5975. But there is a prohibition against joint-stock banks of issue coming to London, is there not?—The joint-stock issue depends upon different terms from the issue of private banks, as has been explained to the Committee.

5976. Supposing that an English joint-stock bank of issue desired to have an office, and to do business in London, is there anything to prevent the shareholders, or a certain number of them, by a separate

deed of agreement, having an establishment in London, with a slight alteration of name, the original bank retaining its issue in the provinces?—The honourable Member will feel that it is a difficult thing for me to express an opinion off-hand upon a very abstruse legal point; but I understand the terms of the Act, which I believe is the Act of 1833, to be these: that if any person being a shareholder in a provincial bank of issue is interested in a banking business in London, and receives profits from that business, his bank would forfeit the right of issue; and I conclude from that that if a shareholder in an English provincial bank of issue were also a shareholder in a London bank, his bank might, strictly speaking, be held to have forfeited the right of issue. But of course that is a very extreme case, and I prefer to speak merely as a layman upon that point; but I think that that is an answer to the honourable Member's question.

Mr. William Shaw.

5989. You are, I suppose, generally satisfied with the state of country banking in England?—So far as we are concerned.

5990. I did not mean as far as you are concerned, but looking at the thing as a whole?—I think that the statements which I have placed before the Committee show the position of the English provincial banks to be a very strong position.

5991. I do not mean as regards their strength; but do you think it is advantageous that there should be a circulation so varied, and a circulation of such a small amount scattered through the country, without any known security, so far as the public are aware?—I think that if the law of the country had permitted the circulation to adjust itself to the want of the country more completely than it appears to me to have done, to that extent the public would have benefited.

5992. Do you think that there are improvements and changes that might be advantageously made in the law as regards country banking and circulation?—I think that the law might be altered with some advantage.

5993. More in the direction of the Scotch system, I suppose?—My own feeling (I would be understood to give my own opinion only upon this point) is that the less a business is fettered by legislation the more it is to the advantage of the country.

5994. You would allow them to amalgamate?—I should allow amalgamation in its fullest sense.

5995. You would allow them to issue against gold?—I think that that would follow as a necessary consequence.

5996. I think you have already expressed an opinion against the lodging of securities for an issue?—I expressed no opinion against the lodging of securities. Circulation may be regarded either as money, or as another form of credit. If it is regarded only as another form of credit, it appears to me to form such a very small fraction of the total banking liabilities of the country as scarcely to deserve attention from the Legislature.

5997. But it is not generally considered as a mere form of credit ; it is a currency ; it is a substitute for gold ; and in that way do you not think that there should be a distinct provision made for its security ?—As a matter of principle or of theory, I agree with the honourable Member ; but he will observe that a system of banking in this country has grown up, which has lasted some hundred years, and which has become very complicated, and includes many and vast interests ; and I should think it most likely that most of the existing shareholders in joint-stock banks, and very likely some of the partners in private banks, have only a very slight knowledge of the law upon these points, and therefore it is very difficult to make any arrangement which would be fair and equitable to every one all round.

5998. If the law was changed so as to make securities necessary, and at the same time amalgamation possible, do you not think that the thing would adjust itself very quickly ?—I think that if security were required, it would be only fair to allow the power of amalgamation in its freest and fullest sense before the security was required.

6002. Have you considered in case a £1 note circulation was allowed in England, what its effect would be in that respect ?—Does the honourable Member mean to inquire as to a £1 note circulation issued against gold or issued against securities and gold ?

6003. Partly by one and partly the other. To what amount would a £1 note circulation displace gold ?—It is difficult to form an estimate. I think that it would displace gold very likely to the extent of £25,000,000 or £30,000,000 ; but I would wish that to be understood as a mere rough estimate.

Mr. Leveson Gower.

6015. There has been great stress laid upon the advantage of issues to a bank, in the way of advertisement ; would not the same advantage be obtained if every Bank of England note issued by a bank were marked with the name of that bank, so that the public would know where they could get the Bank of England notes changed ?—When I stated that the notes acted as an advertisement, I ought to have added that they likewise enable a banker to carry on his business without making many small charges to his customers. No banker likes to make small charges to his customers. The circulation is of use to a banker in many ways, and I do not think that the placing of a mark upon a Bank of England note, would either benefit the banker or enable him to benefit his customers in the same manner.

6016. The advantage consists then not so much in the way of advertisement, as in the fact that they are enabled to pay their notes without charge ?—The advantage lies in the many small points of conducting the business.

6017. I believe that you are of opinion that the local issue is an advantage to the public of England ?—Yes, I am of that opinion.

6018. I suppose I may take it that you are likewise of opinion

that the local issues of Scotland are an advantage to the public in Scotland?—Beyond question they are.

6031. I thought that the ground of objection taken by the English banks was that the Scotch could compete with them, and therefore increase competition?—The ground of their objection is that the Scotch bankers have some privileges which are denied by law to the English bankers, and which it appears to be impossible to extend to English bankers.

6032. And, therefore, on that ground the Scotch bankers ought not to compete with the English bankers in England?—On that ground they ought not to compete with them in England.

6033. And, therefore, if you do prevent their competing in England, you prevent competition?—So far as the Scotch banking is concerned, that is so; but there is a very sharp competition in English banking. For instance, we never let our neighbours know what charges we make to our customers, and many banks do not even let anyone know what rate of interest they allow. I take it that that proves a far keener competition between English banks than exists between Scotch banks.

6034. Then you think that there is plenty of competition already?—Plenty, and the public have the full benefit of it.

Mr. Sampson Lloyd.

6035. I think you stated in an earlier part of your evidence, that you found that provincial deposits increased just as provincial circulation declined?—I stated that the two things had occurred at the same time.

6036. Does not that prove that the decline in circulation, when it took place, was not caused by any loss of credit with the public of the issuing banks?—I think that it was not due to any diminution of credit, as is shown by the vast increase of their deposits.

6039. Then you do not think that the fact of the rates of discount fluctuating more when the provincial circulation declined proves that an increase in provincial circulation, or a maintenance of a given amount of provincial circulation, tends to steady the money market? I understand from your tables, that the rates of discount in London have been proved to have fluctuated much more since the time when the provincial circulation was less, than it did before?—I think that the fluctuation in the rates of discount in London, beyond any question, has depended upon a great many and different causes. I do not think that the decline in the provincial note circulation, merely, or the increase in deposits by itself, can have had any effect on the fluctuation of the rates of discount.

6040. Then, in fact, if that be so, the provincial circulation has no material effect in benefiting the public by making steadier the money market?—I do not intend to convey that impression; on the contrary, I think that if the provincial circulation did not exist, the fluctuations which at present take place in it, without any effect being caused by them on the central reserve of the country, would

be transferred to that central reserve, and in that case that the reserve would be liable to be weakened at certain times simply by the provincial demand.

6041. Does not that lead to the inference that the existence of a provincial circulation tends to lessen the pressure upon the Bank of England reserve?—I think that there can be no question that it does.

6042. And if so it necessarily tends to lessen the fluctuations in the rate of discount, does it not?—My opinion is that it is so.

6043. If that is so I suppose you would think that, quite apart from any little local advantage which the public may derive, the general commercial public of England derives some distinct advantages from the existence of the country issues, and from their being maintained at a fair amount?—Yes, I think that is the case.

6044. If a steady amount of circulation is beneficial to the general public somewhat in proportion to its general magnitude, why should that increase not be beneficial to the public if it were in the shape of £1 notes instead of £5 notes?—I think there are many objections to £1 notes which I have endeavoured to state to the Committee; such, for instance, as this: that the sovereign being the unit of the circulation, £1 notes would tend to take the place of the gold circulation far more closely than £5 notes ever can do.

6047. Is it quite fair to attribute to any law regulating the issue of notes exclusively or even primarily all the fluctuations in the rate of discount which arise from a diminution of the bullion reserve in the Bank of England?—I think that the fact that those fluctuations correspond in time and increase with the increase of these demands, shows that there may be a close connection between them.

6056. You were asked whether you considered monopoly an advantage to the public, and whether keeping the Scotch monopolists out of England, limits competition; I presume you would not object, on equal terms, to have Scotch or any other persons, monopolists or non-monopolists, competing with you so long as they possess no privilege which you do not by law possess?—No, we can object to no competition whatever which meets us on fair and equal terms.

6057. You, therefore, do not wish to limit competition, but you only ask that competition, where it exists, shall be on equal terms as regards the law?—Certainly.

Mr. Hussey-Vivian.

6086. Do you consider that any advantage accrues to the public by a note circulation; does not the man who has five sovereigns in his pocket pay just as much for them as he pays for a £5 note?—In that sense it is so; but the note circulation is of advantage to bankers, and as they have to share their advantages with the public, I think that in that sense the public is the gainer.

6088. In fact, you think that it creates a capital for the banker which the banker may use for the benefit of the public?—I think the amount of the English provincial issue is so small, in proportion

to the total capital held by bankers, that in that sense it can hardly be looked upon as affording any appreciable advantage to the banker himself, except so far as it facilitates the course of his business.

6090. I am talking now of the principle; would you consider that the public would be benefited by a further issue of bank notes?—I think that the existing issue in England is very nearly, or perhaps exactly, bounded by the amount that it would be provided the issue were entirely thrown open, and that issue limited to notes of the same denominations that exists at present.

6091. Then you do not consider that any advantage would accrue to the public from an increased issue of bank notes in England?—That is a wide question, but I think that the existing issue corresponds with the wants of the public. No bank has the means of forcing its notes upon the public.

6092. Then the logical sequence of that would be that no increased circulation is required?—I think that the amount of issue in circulation suffices for the wants of the country.

Sir John Lubbock.

6113. The honourable Member for Bodmin asked you some questions with reference to monopoly. I think that the tendency of your evidence would be to show that, in your opinion, the establishing of Scotch banks in England would not result in an increase of competition, and that the ultimate effect of the introduction of the Scotch system would probably be to diminish the number of banks in England, and therefore to diminish the amount of competition?—I do not think that the existence of Scotch banks in England would give the benefit of any increased competition to England.

6124. Has your attention been called to a paper which has been put in by Mr. Gairdner with reference to the comparative charges of English banks and Scotch banks?—I have seen that paper, but I have only taken a casual view of it.

6125. Are you prepared to admit the principles upon which that paper has been calculated?—The honourable Member will feel that he places me in rather a difficult position; he is examining me, as I have been examined before in the course of this inquiry, upon statements based on a book of my own writing; but I will endeavour to answer him without partiality, and entirely as if this statement was based upon some one else's figures than my own; I think the honourable Member will feel that no sum can work out correctly which has an error in its first stating; and that is exactly the point upon which this statement appears to me to go astray; it must be understood that there is a vast difference between the manner in which business is carried on in England and the manner in which business is carried on in Scotland. In England the district over which banking extends is usually very limited in its area, whereas in Scotland it is usually a very large district. Now there are very great advantages and disadvantages in each method. For instance,

the field over which the banking operations extend may not supply the bank with sufficient deposits, or equally it may fail to supply it with the opportunity of using them ; but where it does it cannot be doubted that there the profits are by far the greatest. The English private bankers generally are persons who know every one in their districts, and are known by every one ; they have the knowledge which enables them to employ their deposits to the greatest advantage, and they are persons usually of considerable standing in their own districts ; I must be understood not to speak from any personal point of view, but simply of English bankers with whom I have been associated in the course of my life ; and in this description I should include the principal managers of the joint-stock banks so far as I have the privilege of knowing them. Of course it is obvious that where there are few branches in a bank the profits are far greater as calculated by this statement, because the expenses are far smaller. This return which has been put in contains a statement as to 11 English banks, of which by far the greater part have but a small number of branches. One bank only among them, the National Provincial Bank, in the slightest degree approaches in magnitude any Scotch bank ; that bank has 137 branches, and I observe that the per-centage of business profit shown by it, upon its cash deposits, amounts to £1. 9s., which is very close to that shown by the British Linen Company in Scotland. I therefore think that this statement has, as I say, such an error in its first statement that it cannot be taken in any degree as a reliable basis for this Committee to form an opinion upon. I should be extremely sorry in saying that, to convey to the Committee any idea, on my part, that the gentleman who drew up this statement in any degree intended to lay before the Committee anything that would cause them to form an incorrect judgment as to the position of banking in the two countries ; but there is nothing more difficult, I may be allowed to state, from experience, than to draw up a statistical statement which will be absolutely fair. There is a probable error in every observer ; and I take it that the probable error in Mr. Gairdner's statement was this : that he expected to find out that English banking was far more profitable than Scotch banking, and he simply accepted the first returns that came to his notice. Mr. Moxon, a gentleman living at Stockport, whom I have not the pleasure of knowing at all, has drawn up a statement of a similar description, and I observe that he says, that upon capital and reserve, the country banks in England make $12\frac{5}{8}$ per cent., the London banks $14\frac{1}{2}$ per cent., and the Scotch banks $11\frac{1}{5}$ per cent. I find, to give an instance of the working of particular banks, that the rate of net profit of the London and County Bank for last year on its working resources was £1. 4s. 1d., while that of the Bank of Scotland, estimated in the same way, for as nearly the same period as I can state it, was £1. 7s. 1d., and think this shows what indeed we might expect to find, that where banking businesses are conducted under similar circumstances, the profits are nearly similar. I think, therefore, that

this statement gives no reliable information upon which the Committee can, in any sense, depend.

Mr. Mulholland.

6131. The answer which you gave with respect to the advantages derived from the provincial banks having a right to issue was this : that where there was an exceptional demand for currency at certain periods of the year, they have the power to issue a given amount of paper without having gold opposite to it ; and that therefore the strain upon the banking reserve in London was diminished ?—Certainly.

6132. I see that the amount of their excess of issue in the months of October, during the average of the 10 years, is only £257,000 ? —But the honourable Member must not exactly calculate it in that way. It depends upon the difference between the power of rise in any individual bank, from the lowest point to the highest point. I gave an instance of our own bank at Yarmouth. I may also mention the case of a bank in the north of England, where they annually meet the pay of a lead mine in the same manner. I have also before me the statement of a bank, in which the authorised issue in the course of 1874 was only £59,851, but the lowest point which I have observed the issue of that bank was £44,339, and the highest point was £86,020, from which the honourable gentleman will see that there may be very large variations in the issue of an individual bank, which are apparently covered by a small aggregate rise.

6148. You have alluded to the peculiar value of the right of issue in Scotland under the Scotch system ; that value is no greater, is it, than the value of the right of issue to those English banks which are already considerably under their authorised issue ?—I think that it is far larger, because they are able to keep up to their authorised issue through their power of issuing £1 notes, and keeping exactly up to the limit, or exceeding it, through their power of issuing against gold.

6149. I merely alluded to the right of issuing against gold ; in that respect are they better off than the English banks, which have already an amount of authorised issue in their till which they do not require to circulate ?—I think that the fact that Scotch banks have the power to issue against gold gives them an advantage over English banks, and I think that it is impossible, in speaking of the Scotch banks, to separate the £1 notes from the rest of the circulation.

Mr. Backhouse.

6157. On Thursday you answered as to the capital and deposit of joint-stock banks in England ; from inquiries which you have made confidentially, are you of opinion that the capitals and deposits of private banks have also increased in the last 30 years ?—I believe that they have increased in about the same proportion.

6160. But, practically, all banks of issue, having much larger business than their amount of issue, which is very small relatively to the rest of their business, they have not to hold either bank notes or

gold specially against that issue?—Practically they hold the amounts that they do retain against their business generally.

6162. Are the bank notes of the Bank of Prussia legal tender or not?—They are not a legal tender, nor the bank notes of the Bank of France under an ordinary state of things.

6163. Have you any knowledge of the banking system of Sweden?—The banking system of Sweden, respecting which I obtained information in that country some years ago, is so remarkable that I think that a few points in it may be mentioned with advantage. It is a system in some respects corresponding to that of Scotland; but it has one great advantage, that it is a self-contained system. It possesses a note circulation which has a very high credit, and which amounts to about £1 per head of the whole population. The main feature in the Swedish law points not to the security of the note circulation alone, but the security of those who deal with the banker in any form. The Swedish Banking Law owes its existence very largely to the exertions of Mr. Wallenberg, a very able banker in Stockholm, who is also a member of the Upper Chamber of the Swedish Diet. The law, arranged on its present footing, was, as I understand, mainly through his exertions. I may mention that there is precisely the same tendency to amalgamation amongst the Swedish banks as there appears to exist among the Scotch banks. In 1872, according to statements which are published, with an exactness which exceeds that of any other country in the world with which I am acquainted, there were 41,250 accounts in Sweden, that is to say one to every 100 of the population. In 1875 the number of depositors had increased to 90,520, that is to say, to one in 44 of the population, and the amount of deposits of the banks which published the accounts in the published accounts of the banks had gone up in that interval of three years from £5,000,000 to £8,000,000. The Swedish law appears to me to have some very useful points in it. One point in it is a matter which was endeavoured to be attained in this country through Mr. Leeman's Act, as to the transfer of shares in joint-stock banks, which are completely controlled through an enactment, that no transfer of shares in the bank can take place except at a general meeting of the bank, and thus being sanctioned by the general body of the shareholders. (Section 5 of the Banking Law of Sweden.) The system seems to me to include most of the advantages of private partnerships and of joint-stock associations; I think, therefore, it might be of use to the Committee if the banking law of Sweden were included in my evidence. I can place it before them, either in the original language or in a translation, including the latest amendments, which reached me only a few weeks ago, as may be most convenient to them. I shall have much pleasure in including it in my evidence, if it is the wish of the Committee.

6164. Do you think that it would be possible to assimilate the banking law of England, Scotland and Ireland?—I hardly see how it is possible to do so; it is absolutely impossible, as it appears to me,

to allow the issue of £1 notes in England, and therefore I think that on that point we cannot ever look to the assimilation of the law of the three countries. As gold is the only legal tender in Scotland and Ireland, it appears to me that we might approach assimilation in one point if we made gold the only legal tender in the payment of provincial notes in England. In that sense I think that we might approach similarity. I think also that the power of amalgamation which has been extended, as it appears to me, with great advantage to Scotland, might be allowed in its fullest sense to England; that is to say, that any English bank should be permitted to part not only with the whole of its issue, but with any portion of its issue if it desired to do so. I think also that the license duties which have been shown to differ very widely in the two countries ought to be considered, and that they might be assimilated in further legislation upon this subject.

6165. Have you any information as to the amount of foreign bills floating in this country?—The amount of foreign bills floating in this country at any time it is difficult to ascertain; but I have endeavoured to ascertain the amount through an estimate formed upon the amount of stamps issued. It appears to me that the estimated amount of foreign bills drawn in this country or foreign countries, is about £60,000,000 in a year. I cannot help thinking that it might be desirable if arrangements were made for holding bills in this country, upon the principle of foreign centres of exchange. At this time, as I understand it, the practice is that all foreign bills in London are sold twice a week, upon Tuesdays and Fridays. Between those days, from the best information which I can obtain, there are scarcely any foreign bills floating in London. I think it is very desirable that a larger amount of those bills should be held in this country, but I scarcely see how it would be possible to arrange for it through any legislative enactment.

6166. The honourable Member for Bodmin asked you whether the governor and directors of the Bank of England would not take into consideration the source from which any reduction of their bullion arose; is it not the case that the Act of 1844 was intended to take away the discretion of the directors, and rather to compel them to raise or reduce the rate of interest in accordance with the reserve without regard to the quarter from which the demand came?—I have no knowledge whatever as to the practice of the directors of the Bank of England; but it appears to me that in the alterations in the rate of discount they are governed by the proportion of their reserve to their liabilities actually at the moment, and so far as anyone outside the Bank of England can ascertain, by no other cause whatever.

THURSDAY, 1st JULY, 1875.

MR. ROBERT HARRY INGLIS PALGRAVE recalled, and further Examined.

Chairman.

6168. I think that you wish to make one or two corrections in

your evidence?—I wish to make two corrections in my evidence, and I therefore desire to be allowed to make them before the Committee. The Question No. 5800 is this: “Can you not give the Committee information as to how many partners you have in each of your concerns?” and I have answered, “I can put in a statement which will show that, but I have not yet prepared it.” I desire to be allowed to reply instead of that, that the names are returned annually to the Stamp Office, which is an official publication of them. With regard to Question 6125, I said this towards the close of my answer: I have also another statement made upon similar principles to Mr. Gairdner’s.” That is a general statement. I think that a particular statement will be of more use to the Committee, and I have, therefore, prepared the following statement: I find, to give an instance of the working of a particular bank, that the rate of net profit of the London and County Bank for the last year, on its working resources, was £1. 4s. 1d. per cent., while that of the Bank of Scotland, estimated in the same way, for as nearly the same period as I can state it, was £1. 7s. 1d. per cent.; and I think this shows what indeed we might expect to find, that where banking businesses are conducted under nearly similar circumstances, the profits are nearly similar. That statement will convey to the Committee a more correct idea than the other of my view of the case, and, therefore, I desire to substitute it for the one which I have given.

Mr. JOHN DUN called in, and Examined.

Sir John Lubbock.

6171. I think you are the general manager of Parr’s Banking Company, are you not?—Yes.

6176. On what do you mainly found your objections to the Scotch banks coming to England?—In a great measure upon what I may venture to style the historical argument. I think that the dealings of the Legislature with banking in England and banking in Scotland have proceeded upon such widely divergent principles, and have, in fact, produced such widely divergent results, that it seems to be unjust to English bankers to allow the two systems to come into competition without an assimilation of the principles upon which they are dealt with by law.

6178. Do you consider that we have more real competition in banking in England than there is in Scotland?—The banks in England are more numerous than the banks in Scotland; I can only speak for our own district, and we feel the competition to be very keen.

6179. And competition being so keen, anything which gave one set of banks an advantage over others, would place the one set of banks at a great disadvantage as compared with the other set of banks, would it not?—Certainly. The Scotch banks have the advantage of collecting an enormous amount of deposits through their £1 note circulation, which has enabled them to extend their branches over the length and breadth of the country; and with those deposits so col-

lected by means of their legislative privileges they would come into England and compete with ourselves who have not such privileges, and cannot in such manner collect such deposits.

6183. Reference has been made to the case of insurance offices, many of which have offices both in England and Scotland; do you consider that the competition between the English and Scotch insurance offices is of the same character as that between English and Scotch banks?—Certainly not, because in both countries the business of insurance is carried on under precisely the same legislative conditions. If the insurance companies in Scotland had special privileges in regard to their business in Scotland, there would be the same good case, I conceive, against their extension to England that there is now against Scotch banks coming south of the Tweed.

6184. You consider, in fact, that the legislative privileges of the Scotch banks give them, practically, a monopoly of Scotch banking?—There could not be the least doubt of it.

6188. We have had statements as to the charges of the Scotch banks; do you know whether there has been any change in those charges since 1844?—I should, perhaps, explain to the Committee that previously to coming to the management of the bank with which I am now connected, in 1865, I had been for fourteen or fifteen years in the Bank of Scotland. I cannot, of course, speak, except from recollection, upon the point which the honourable Member has named; but my recollection is very distinct upon this point, that formerly there was no distinction in the rate of interest allowed by the Scotch banks; they did not adopt, until comparatively recent times, the system of giving a low rate upon the minimum monthly balances, or giving a lower rate upon the daily balances of current accounts, than they did upon deposit receipts, so far as my recollection serves me; but upon the first point I am quite clear, that the rate of 1 per cent., which, I believe, they now apply to the minimum monthly balances, was unknown when I entered upon banking in Scotland. In fact, they gave the ordinary deposit rate upon current account balances.

6189. Then, in fact, as the number of Scotch banks has diminished, so to a certain extent have the advantages which they have offered to the public also diminished?—Yes, certainly; and there may be another reason for their diminution of liberality with regard to their customers, and that is the enormous extension of branches which has taken place in Scotland during the last twenty years. The number of branches in Scotland has enormously increased.

6190. And as they all agree upon their charges, although there is considerable competition for obtaining accounts, there is no real competition in the matter of charges?—Not if all the banks keep faith with one another, as I believe substantially they do.

6192. Do you agree with the estimate which has been put in by other witnesses, that if we had the same legislative privileges in England as they have in Scotland, it would be equivalent to an issue

of something like £30,000,000 more notes, which, of course, in the first instance give a very large amount of interest, and thereby enable banks to diminish their other charges to the public?—Yes, I quite agree with that estimate.

6193. Then, in any comparison which is made as between the charges of the English banks and those of the Scotch banks, even assuming for a moment that the charges of the English banks were somewhat heavier than those of the Scotch banks, you would consider that as only natural, looking at the great advantages which the Scotch banks enjoy?—Certainly.

6194. You would consider then that the paper which has been put in by Mr. Gairdner, with reference to the relative advantages of the Scotch and English banks, is quite fallacious?—I consider that Mr. Gairdner's estimate is quite fallacious and, in fact, absurd; as I understand Mr. Gairdner's statement, his estimate is that £1,000,000 per annum would be saved to the public in England, if the Scotch system of charges were introduced.

6195. And the calculation made up in that way, you consider to be entirely fallacious and misleading?—Yes, he deducted from the net profits earned by the Scotch banks 4 per cent., as accruing from capital and reserves, and calculating what per-centage the balance bore to the money lodged, he said, That is the profit that we make upon our money lodged. By the same process he showed, in the case of 21 English banks, that they made a larger amount of profit on their money lodged; and multiplying the difference by the assumed amount of the English provincial banks' deposits, he brought out his result of £1,125,000; he quite omitted, however, to take into his calculation a very essential point, viz., the amount of the charge, which, in the case of the English provincial banks, are considerably smaller than in the case of the Scotch banks. The Scotch banks' charges were stated in evidence as £1. 1s. per cent.; I have taken the average of 13 leading English provincial banks, and I find it to be 19s. per cent. The difference in the favour of the English banks would give 2s. per cent., which multiplied by 200,000,000, disposes of £200,000 of Mr. Gairdner's £1,000,000; then again, in another point of view, I think that his estimate is fallacious. The ratio per cent. of proprietors' funds to liabilities to the public, is much greater in the case of the English provincial banks than it is in the case of the Scotch banks. I have extracted the ratio of the proprietors' funds to the total liabilities to the public, in the case of 41 of the English provincial banks which publish their balance-sheets, and I find that the average ratio is $27\frac{1}{2}$ per cent.; that is to say, the capital reserve fund and undivided profit compared to the liabilities to the public, amounts to $27\frac{1}{2}$ per cent. in the case of 41 English provincial banks. In the case of the Scotch banks the similar average is 15 per cent.; if we assume that the banks earn a net profit of 2 per cent. upon their total resources, with proprietors' funds of $27\frac{1}{2}$ per cent. of the total liabilities, the calculation would be as follows: Proprietors' funds, £2,750,000; money

lodged, £10,000,000 ; total resources, £12,750,000 ; net profit at 2 per cent., £255,000 ; less 4 per cent. upon the capital and proprietors' funds, £110,000 ; leaving £145,000, which would show an apparent profit on deposits of £1. 9s. per cent. But with proprietors' funds at 15 per cent. of the total liabilities, assuming the proprietors' funds as £1,500,000, the money lodged as £10,000,000 ; total resources, £11,500,000 ; the net profit at 2 per cent. being £230,000, less 4 per cent. upon £1,500,000, which would be £60,000, the profit on deposits would be £170,000, or £1. 14s. per cent. The difference between those two calculations is 5s. per cent., which would, on Mr. Gairdner's supposition of £200,000,000 of money lodged in the country banks amount to £500,000, then there is one other point that I think I ought to state. If the proprietors' funds realise more than 4 per cent., the deduction of 4 per cent. will, of course, leave a larger amount of apparent profit upon the money lodged, and if the proprietors' funds realise less than 4 per cent., the deduction of 4 per cent. will leave less apparent profit on the money lodged. This is a very important point, and I may illustrate it in this way ; that on the basis of Mr. Gairdner's estimate, Parr's Banking Company appears to earn upon its deposits no less a sum than £1. 18s. 1d. per cent. ; whilst our friends and neighbours, the Manchester and Liverpool District Bank earn £1. 3s. 4d. So that there would be a difference in the case of two banks carrying on business in almost exactly the same locality, of 14s. 9d. per cent. Our charges to the public are not higher than those of the District Bank. I believe that we allow quite as good a rate to our customers. Our capital and reserve fund are a trifle higher relatively to our liabilities than theirs. Ours are 13 per cent. against their 11 $\frac{3}{4}$ per cent., but I think that the difference arises from the profit which is earned upon the surplus funds employed outside the advance business of the bank. Our surplus funds are very large, amounting to 48 per cent. of our liabilities ; and the District Bank's surplus funds amount to 33 per cent. of their liabilities ; and I believe that the difference in the apparent profits upon the deposits is the result of the different manner in which the surplus funds are invested. From all these circumstances I should say distinctly that Mr. Gairdner's basis of comparison, as a test of what the charges are on the part of banks to the public, is utterly misleading and fallacious.

6200. But even taking the estimate as it stands, if the English banks had corresponding privileges to the Scotch banks, they would get the interest upon £30,000,000 of notes, which would be larger even, would it not, than the amount given by Mr. Gairdner's paper ? —Yes ; I think that the saving to the public of England, if the privileges which are possessed by the Scotch banks were given to the English banks, would very much exceed the estimate which Mr. Gairdner has put down ; but that was not the basis of Mr. Gairdner's calculation, as I understood it.

6202. You have already referred to the diminution in the number of Scotch banks since 1844 ; are there any other points in which the

features of Scotch banking have materially altered during the period which has elapsed since that date?—The capital of the Scotch banks in 1845 considerably exceeded £11,000,000. I have not the precise figures, but my impression is that they have been given in evidence in this inquiry. Their capital is now, I believe, £9,600,000, showing a considerable reduction. In 1845 the deposits of the Scotch banks were estimated at under £35,000,000; now they are £80,500,000. In 1845 the circulation of the Scotch banks was £3,000,000; now it is £6,000,000. In 1845 the acceptances of the Scotch banks were practically nil; in 1873 they were fully £6,000,000; now they exceed £5,000,000. In 1845 the paid-up capital of the Scotch banks amounted to quite 30 per cent. of their liabilities to the public; now the paid-up capital and the reserve funds together amount to only 15 per cent. of their liabilities to the public. Not only have the liabilities of the Scotch banks in proportion to their own resources very largely increased, but some of them have entered upon the unlimited business of banking south of the Tweed.

6203. Do you know whether the majority of the Scotch banks approve of the Clydesdale Bank coming south of the Tweed?—I believe that I am guilty of no breach of confidence in saying that, when the Scotch banks were good enough to meet the committee of English country banks, of which I am a member, the other Scotch banks expressed very strong disapproval of the course which the Clydesdale Bank had taken in intruding into Cumberland; and they used all their influence with that bank, unfortunately without success, to induce it to withdraw from the position which it had taken up. In justice to the Scotch banks, I should add that whilst disapproving of the action of the Clydesdale Bank, they did not, of course, express any opinion as to the legality of the step which that bank had taken.

6204. Do you think that the fact of the Scotch banks coming to England will lead to an increased circulation of Scotch notes in this country?—I think it is calculated to do so, because, given the presence of the notes, I think they will circulate in a district where they can be turned into gold on presentation.

6206. Are you aware that under the new German law, banks of issue in Germany are absolutely restricted from accepting bills?—I have observed that, in the statement of the German law which recently appeared in the "*Economist*" and elsewhere.

6211. I did not intend in the least myself to imply any condemnation of anything that has hitherto been done by the Scotch banks in that respect; I only wish, as it has been given as one of the reasons which render it so desirable that Scotch banks should come to London, to ask you whether in your opinion it is desirable that the business of accepting largely against foreign credits should be encouraged in banks which are banks of issue; I think I gather that, in your opinion, it is not desirable that that business should be largely entered into?—It is not desirable, in my opinion.

6212. The Scotch banks have put in evidence a paper showing their charges: is it your impression that the system which they adopt of making a large number of small charges is one which would be suitable or popular in this country?—The Scotch bank system is to make charges on transactions as they arise, and those charges were, in my experience of Scotch banking, and I believe are still, paid by the customer, across the counter. That is a mode of levying charges which I am perfectly satisfied would be quite intolerable to the customers of English banks; I mean those having bank accounts. Of course, if a customer comes into a bank office, and wishes simply to make a remittance, and has no banking account, he pays the charge across the counter, and the matter is done with, in the same way as if he went to the post office to make a remittance; but when a man has an account with a bank he expects to have it done for him, and not to be bothered about the paltry little sixpence, or half-a-crown, or whatever it may be, that is charged for the transaction. In Scotland they make all those charges at the time; and as it has always seemed to me that those charges must entail on the part both of the banks, and what is of still more importance, of the customer, a number of small entries which are productive of considerable loss of time, I think that the system is irksome, whereas in England our system of charging is, upon the whole turn-over of the half-year; and I feel quite convinced that our customers would rather pay a little more at the end of each half-year than be subject to the perpetual worry of having to bring sixpence, or half-a-crown, or whatever it might be, to pay the charges across the counter. There is less friction, in fact, in the English system.

6215. You consider, in fact, that the Scotch privileges give the eleven existing Scotch banks a monopoly of the banking of Scotland?—There is no doubt about that, because no bank of non-issue could live in Scotland.

Mr. Sampson Lloyd.

6258. I think in a former part of your evidence you stated that you considered issue by other bodies than the Bank of England to be a great public advantage, or a greater public advantage, at all events, than the issue being confined to one bank of issue; if that is the case, and if you think that the public have not sufficient means of judging of the value of those issues, what is the remedy that you would propose?—I should be disposed to give the power of issue to the present non-issuing banks, or to those of them that could satisfy the Government or a Government department that they were respectable, and well established and of sufficient strength.

6260. How would you deal with the present issuing banks, which at present have the exclusive privilege of issue?—I should be disposed to require either that they should give security for their issue, or that their issues should be made, which would, perhaps, be the more simple process, a first charge upon their estate.

6261. Would you do that with all banks, private and joint-stock banks, which exercise the privilege of issue?—Yes, I should be disposed to do so, because I think that the note holder, in the majority of cases, is what may be called an involuntary creditor of the bank, while a depositor, on the other hand, is a purely voluntary creditor.

6264. Then the non-issuing banks are placed at a disadvantage, in your opinion, which is not quite consistent with equity or with public policy in competing with the issuing banks?—I think they are placed at a disadvantage; I feel perfectly certain, speaking for myself, and I believe for a number of the non-issuing bankers, that they would not have thought of interfering in any way with the privileges of their issuing brethren if this whole question had not been raised by the intrusion of the Scotch banks into England.

6265. In point of fact, though you consider that the non-issuing banks are placed at a disadvantage, which is not just in point of public principle, the English issuing banks being limited, as they are, to notes of not less than £5, and having no privilege of issuing against till money, are not able to compete very severely with the non-issuing banks?—Of course, their competition would be much more severe if they had the privileges which you indicate.

6266. But you still consider that there is some competition which the English non-issuing banks would feel?—Yes, there is such competition; and I think that was testified to by Mr. Seeborn in his evidence, when he stated that the issuing bankers were in the habit of cashing cheques across their counter without charging commission.

6267. Then, in point of fact, in your opinion, the advantage of combining issue with banking is very great, and would be of great advantage to the banks of non-issue if they possessed it?—I think it would be a very great advantage; I do not think that the great power of unissued but issuable notes has ever been fully appreciated in this country. It is quite understood in Scotland, but I do not think that it has been fully appreciated by many who have considered the subject of issues in this country. If notes emanate from a State bank, those notes are comparatively useless to the bankers who deal with them because they are held, every one of them, at a loss of interest, and if you wish to meet the maximum of economy of capital in your issues those issues should be the issues of the banks which come in daily contact with the public in the transaction of their banking business.

6268. How would you remedy this state of things which you describe as existing where certain banks have a privilege which you consider valuable both to the public, and certain other banks at least equally strong, have not that privilege?—I would extend the power of issue to all banks in England which can satisfy the State as to their position.

6271. Do you think that there is any objection to the present state of the law as regards the power of amalgamation of issuing banks; and if so, will you kindly state what your objection is?—When two

private banks are united, the combined bank, if it had not more than six partners, is allowed to retain the issues of the two; but when two joint-stock banks are amalgamated, the issue of one is thereby forfeited; and an issuing bank cannot transfer its power of issue in whole or in part to a non-issuing bank. The provisions seem to be unjust to joint-stock banks, as compared with private banks.

6272. Assuming then that the State should not be willing to extend the power of issue to all the banks who comply with the requisition which you have sketched out, of satisfying the State as to their strength and solvency, would you recommend that any bank possessing a right of issue under the Act of 1844-5, should be made quite free to amalgamate that issue with any equally strong bank, private or joint-stock?—In answer to the honourable Member's question, I should say that anything which would contribute to strengthen the monopoly which the English banks of issue have at present, without extending similar privileges to the banks of non-issue, would, I conceive, be unjust to those banks of non-issue.

6274. I gather from your answers to other questions that you consider that the abolition of the country issues as another means of producing equality would be very impolitic?—Very impolitic indeed.

6275. Do you think that any money compensation would be voluntarily accepted by those banks which have now the privilege of issue in exchange, and as compensation for the loss of the issue?—I cannot, of course, pretend to speak for the banks of issue, especially as I do not myself represent a bank of issue; but whatever compensation the banks of issue might be willing to accept for their privileges, I cannot conceive that that compensation would compensate the public for the loss of the advantage which is derived by the public from the power of issue being held by a plurality of issuers in the country.

6279. Are not the banking facilities in England already extended to very small towns indeed, owing to the competition which exists, and is not a further extension, if such be desirable, prevented or lessened by the restrictions placed upon English banks?—If we had the power of issue we could extend our branches to many places where it would not pay to carry on a branch at which we should have to hold our cash balance in legal tender at a loss of interest.

6280. To revert to the question of the public taking issues, is it your opinion that it is possible, by giving privileges of issue to a larger number of banks, to force out an undue or improper proportion on to the public's hands, of notes payable in gold on demand?—I think that I have already stated that over-issue is a physical impossibility where you have the issues in the hands of respectable and solvent banks, and where the convertibility of the note is a condition of issue.

6281. In point of fact, is it not your opinion that the public are as unwilling to take too many notes as they are to take too many hats and coats, or any other articles that they do not want?—That is clearly so.

Mr Anderson.

6288. Do you think that an increased issue of £5 notes and upwards would displace gold?—I believe that it would to a considerable extent.

6292. Then you would be willing to take the step of the introduction of £1 notes at once under those circumstances, if they were met by a sufficient stock of bullion?—If the honourable Member means £1 notes issued by the State, I should consider £1 notes issued by the State to be practically useless.

6293. Why?—Because, as I endeavoured to explain in answer to a previous question, the economical advantage of note issues is neutralised, or nearly neutralised, when those notes cease to be the issues of the banks which come in contact with the public, and which do the banking business of the public.

6302. You object to the Scotch banks coming into England to do business in competition with the English banks, because the Scotch banks have certain legislative advantages, do you not?—That is so.

6304. Then you wish to deprive the Scotch banks, if they come into England, of those legislative advantages?—Yes, I conceive that the legislative advantages were allowed and continued to Scotch banks as purely Scotch banks, and that when they became Anglo-Scottish banks, or Scoto-English banks, they ought to forfeit those peculiar Scotch privileges.

6305. Would it not answer your purpose equally well to level up the English banks, and give them the same legislative advantages?—If it were possible.

6306. Is it not possible?—It is not.

Mr. Mulholland.

6312. Did I not correctly understand that it was your opinion that the right of issue should be given to private banks as well as to joint-stock banks?—There are many private banks of non-issue in England of most undoubted respectability and standing, and I should be very sorry in any recommendation to strive to secure a monopoly for one class to the disadvantage of another. I therefore would, as far as possible, give the power of issue to all respectable private banks as well as to all respectable joint-stock banks.

6313. Up to any amount for which they would provide security?—I think that there should be some regulation or limit as to the amount.

6314. How do you think that you could fix such a limit?—The limit could easily be fixed, in the case of a joint-stock bank, by limiting it to half of their paid-up capital, or to one-third of their paid-up capital; probably one-half would be better.

6315. In the case of the private banks, how would you limit it ?—In the case of the private banks, I think that you would require them to lodge security, because you have no paid-up capital, or at all events, it is not declared in any way.

6316. Would you give them the right of issue up to any amount for which they would lodge security ?—No, I think that the amount of issue ought to have reference to the circumstances in which the bank is placed ; I do not know that much harm would be done by giving an unlimited amount, but still I would rather limit it.

Mr. Beckett Denison.

6317. When you say that private banks have no paid-up capital, do you mean that absolutely ?—Their paid-up capital is unknown.

Mr. Mulholland.

6318. What would you propose to do with regard to the limits at present existing to the circulation of issuing banks ?—I would re-adjust the present limits.

6325. So far as it would displace an amount of gold either in reserve or in circulation, the only advantage to the public of such a change would be, would it not, that it would increase the supply of loanable capital at the disposal of the banks ?—I regard issues from my Scotch experience of them as a most valuable banking instrument, an instrument for the extension of banking, and the cheapening of banking ; and I consider that the advantage to be derived by the public from issues, is derived from the unissued but issuable notes more than from the notes that are actually in the hands of the public.

6328. Are the rates charged by the issuing banks at present lower than those charged by the non-issuing banks ?—We have it in evidence that on many transactions there is no commission charged by an issuing banker in cases in which a non-issuing banker would make a charge. I may mention that the bank with which I am connected has only one branch at a town where it comes into competition with an issuing bank. I wrote to the manager of that branch, and asked him what advantage he conceived the firm in question, which is a private bank, had over ourselves in conducting business, and his reply to me was that the sole advantage was in respect of the commissions ; that they paid cheques free of commission when they paid them in their own notes.

6331. If prices were inflated by an increased supply of circulating medium, would not the effect of that be to absorb the increased supply of circulating medium for a time, and to produce in that way an apparent legitimate demand for it. You said that the circulation of paper could not be increased ; could it not be increased if there was a general rise in prices ?—A general rise in prices would almost necessarily cause an increase in the amount of gold and the amount of notes circulating in the country, because if you have to pay two

prices for every ordinary article which you buy, you will probably have to carry double the quantity of money in your pocket.

Mr. Orr Ewing.

6338. In what way have they a monopoly?—Because no other bank can, with any prospect of success, establish itself against them. Sir Robert Peel stated distinctly in his explanations, in introducing the Scotch Bill of 1845, that he had given, or was giving, the Scotch banks a monopoly of issue. I do not know whether he understood that that monopoly of issue would naturally and necessarily lead to a monopoly of banking; but that it has done so the history of banking in Scotland is, as it seems to me, abundant proof.

6340. Did not the Bank Act of 1845, applying to Ireland, give the same monopoly of issue to the Irish issuing banks as it gave to the Scotch banks?—There were then existing, as I understand it, in Ireland certain private banks which had not the power of issue. At that time, in Scotland, there was no bank which had not the power of issue.

6351. At all events you will admit that in Ireland the non-issuing banks have been able not only to exist but to flourish?—That is so.

6352. Then do you not think that there must be some other fact than that which you have attributed as the reason why we have no new banks established in Scotland?—No. I can quite see that the privileges which effectually gave the Scotch banks a monopoly did not give the Irish banks a monopoly.

6353. May it not be that, from the admirable manner in which the Scotch banks conduct their business, they not only inspire the public with great confidence in them, but also transact their business so cheaply and economically as to afford the public every facility, so that there is no room for a new bank to be established?—I believe that the existence of the exclusive power of issue is a sufficient bar to any bank being established in Scotland that has not the power of issue.

6362. You stated that those banks in Scotland did not conduct their business upon equal terms; by that I suppose you meant that one bank had a greater privilege of issuing than the other?—The privileges of the Scotch banks are not all alike, as the honourable Member must be aware; the British Linen Company has an authorised circulation of £438,024, and it showed in April, 1873, an actual circulation of £609,632; and gold and silver coin and notes of other banks, £502,320. The City of Glasgow Bank, with an authorised circulation of only £72,921, showed on the 4th of June, 1873, an actual circulation of £896,180, and gold and silver coin and notes of other banks, £993,270.

6365. And, therefore, the privilege of issue does not seem to have prevented the bank with the smallest issue from being prosperous?—I do not know whether it may have been equally prosperous; I have not the returns as to the amount of dividend which they pay, and I do not know how they conduct their business; they may be

taking greater risks than the British Linen Company, and that may make a difference on their profits ; but the difference in the authorised circulation would lead to this inference : that it is not so much the actual amount of authorised circulation, although that is of some importance, as the privilege of issuing at all, that is valuable. I believe that it would be of great benefit and advantage to the Scotch banks to issue notes, even supposing that they were placed under the condition of issuing those notes only against gold held for every note issued.

6379. I suppose that upon all emergencies you would really depend upon the Bank of England for an extra supply of gold ?—That is the system of the whole of the kingdom from the London banks down to the Scotch banks.

6380. And the whole country are entitled, are they not, to draw upon the reserves of the Bank of England, if they had property representing gold ?—If they have money with the Bank of England, or if they have balances otherwise that can command a share of the Bank of England reserve ; but the £13,000,000 will not go very far towards satisfying the requirements of all the banking community, if they all want it at the same time.

6381. From your experience of the two systems of banking in England and in Scotland, the one having eleven banks only, with a vast number of branches, and the other having a large number of small banks, private and others, with few branches, which are you prepared to say is the best system of banking for a nation to adopt ?—Both systems have undoubted advantages of their own ; there is, of course, greater unity of management in the case of large joint-stock banks, with a central office, which controls the operations at the branches, and there is likewise greater economy of capital ; but, on the other hand, where the system of branches is extended too far, and where the establishment becomes of a very gigantic character, the central control is very difficult to maintain in its full efficiency, and I should very much fear that if the Scotch banks scrambled over the whole of England with their branches, they would become rather beyond control.

6382. But you would desire, I suppose, that the banks of issue should have the power of amalgamating so as greatly to diminish the number of them in England, and to have branches established ?—I think that the amalgamation of some of the smaller banks of issue in England would be a very desirable result in the interests of the public ; but as I said in reply to a question which was put to me by another honourable Member, the banks of non-issue would very naturally, I believe, look with some degree of disfavour upon any reform of the existing issues of England, which would tend to improve the monopoly which the existing issuing banks have.

Sir Graham Montgomery.

6391. Do you think that it is likely that if another bank were established in Scotland, they would be willing to do business on

lower terms than the terms offered by the Scotch banks now?—I feel perfectly sure that if a Scotch bank could open, especially in Glasgow, with the advantages of Scotch circulation, it would very speedily establish a fair business for itself.

6397. You said, did you not, that before 1845 the paid-up capital of the Scotch banks was not so much as it is at the present day?—That, I believe, is so.

6398. But many of the Scotch banks have an unpaid-up capital at the present time, have they not?—Several of the Scotch banks have an unlimited uncalled capital, because the liability of their shareholders is unlimited.

6399. Several of them have not called up their capital to the full extent; and if you made a comparison of the capital before 1845 with the present capital and the capital that they are entitled to call up still, in all probability would it not be the case that the paid up capital of the present day and the capital that they could call up would be greater than the capital before 1845?—If you compare, upon the same footing, the time before 1845 and the present time, you will find that the capital paid up and callable has decreased; but of course if you threw in the callable capital and compared it with the paid-up capital before 1845, the comparison would be in favour of the present time. But that would not be a fair comparison, as it seems to me.

6400. You would not mean to convey, would you, that Scotch banks are doing business with a smaller amount of capital than they ought to have, compared with the amount of business that they do?—I think that the proprietors' funds of all joint-stock banks should bear a very substantial relation to the liabilities of which they form the substratum.

6401. The deposits and the note circulation?—The deposits, the note circulation, and the acceptances. A late eminent authority on banking, Mr. Gilbert, laid it down in his treatise upon the subject, that the proportion of the proprietors' funds to the liabilities of which they formed, as it were, the guarantee, should be no less than one-third; and he stated distinctly, in a passage of his work which he never altered or cancelled, or in any way modified, that when the capital ceased to be one-third of the liabilities, it ought to be increased; but he departed from that in the case of the London and Westminster Bank to a very large extent, or rather that bank departed from that rule while he was manager of it. But there is no doubt, although it is difficult to draw the line at any particular proportion, that a joint stock bank ought to have, especially if it is a bank of issue, and especially if it adds to that power of issue the practice of accepting bills, a very substantial basis of paid-up capital. Without drawing any hard and fast line, I should say that 20 per cent. would be a fair amount to have.

6402. Then you have no fault to find with the Scotch banks in reference to that matter?—They have, on an average, 15 per cent.

6405. I understood you rather to think it a disadvantage to Scotch bankers that they should come to London and do that sort of business?—I believe the tendency would be to tempt them into a rather excessive acceptance. At all events, the fact is, that previously to the Scotch banks coming to London, their acceptances were in a very considerably narrower compass, and those two banks which are at present in London (I do not, of course, count the Royal Bank, because its advent to London has been so very recent), the Bank of Scotland and the National Bank of Scotland are, in confirmation of what I have stated, the two largest acceptors amongst the Scotch banks.

6408. How do you account for the fact that none of the 113 banks of issue in England who have power to establish branches in London, as we have been told, have thought of establishing branches there, and yet some of the Scotch banks have found it necessary to do so?—The legislation in Scotland has led to this result: that the smaller banks have been eliminated, and the larger banks have absorbed them; and a large bank would much more naturally wish to be represented in London than a small bank. The English banks of issue are, as I have stated in a previous portion of my evidence, small banks, as compared with the Scotch banks, and they have, therefore, no call to go to London; they can transact their business perfectly well without a London office.

6409. Even those that have the largest note issues?—Stuckey's Banking Company, which has the largest issue, has an agent in London and an office in London.

6410. Not a branch?—Not for the purpose of conducting banking business in London, but for the purpose of managing the investment of the surplus funds of the bank in London; and to that extent no English bank would object to all the Scotch banks being represented in London.

6411. Perhaps you think that the Scotch banks would have done better if they had done that instead of establishing branches as they have done?—I think they would have done better.

Mr. Campbell-Bannerman.

6412. Do you view differently the case of the Scotch banks coming into Cumberland and the case of the other banks which have opened branches in London?—I think the Scotch banks have no business either in the one place or in the other.

6413. You would treat both cases by the same remedy?—I should.

6414. And the remedy which you would apply, you say, would be to prohibit their coming?—Yes; under pain of forfeiture of their peculiar Scotch privileges.

6415. Then you have altered your opinion upon that subject since you wrote your letter to the Chancellor of the Exchequer, have you not?—In some degree, I have.

6430. In this letter (which is so complete that I think it is worth while referring to it) you say that four courses for dealing with this

difficulty suggest themselves: "First, that the Scotch and Irish banks, if they wish to retain their special privileges in Scotland and Ireland, should confine their operations to their own countries respectively; secondly, that if Scotch or Irish banks insist on coming to England to compete with English banks, English banks should be empowered to go to Scotland or Ireland to compete there with the Scotch or Irish banks on equal terms, and with equal privileges as regards circulation; thirdly, that to the English banks should be conceded powers of circulation in England as ample relatively as those enjoyed by the Scotch and Irish banks in Scotland and Ireland; fourthly, that all private issues in England, Scotland and Ireland should be abolished, and that the State or the Bank of England should be the sole source of issue." That appears to me to be a very clear and exhaustive statement of possible policy that may be adopted; and in this letter, after considering the other alternatives, I think you suggest that the third is the best to adopt, namely, that to the English banks should be conceded powers of circulation in England as ample relatively as those enjoyed by the Scotch and Irish banks in Scotland and Ireland?—That is so; but there is one essential to the application of that remedy for the grievance of which the English banks complain, and that is its possibility; and I am afraid that I must admit the impossibility of so assimilating the English with the Scotch system as to remove the inequity of the competition between the two banking systems.

6431. You have made several suggestions in the direction of extending the issue privileges of English bankers; do you think that if those suggestions were carried out they would not to a very great extent equalise the privileges as between the English and Scotch bankers?—They would not remove them, because I have not gone so far as to suggest the adoption at present of £1 notes, nor have I suggested the power of issue beyond authorised limits against gold held, nor have I suggested an alteration in the mode in which the issues are returned by the English banks as compared with the Scotch banks; and it may be in the knowledge of the honourable Member that the Scotch banks have the advantage of returning their circulation on the basis of a weekly return and not on the basis of a daily return, as the English banks are compelled to do. The consequence of that privilege is this: that the Scotch banks have really the use of some 30 or 40 per cent. more of notes than they return and than the amount upon which they pay stamp duty.

Mr. Beckett Denison.

6433. Will you explain a little more in detail how you arrive at that figure of 30 or 40 per cent. for which they do not pay stamp duty?—There was a return, I believe, given by the Scotch banks in the course of this inquiry as to the amount of notes brought in in the exchange; I am not basing my calculation upon that return, but I am basing it upon a statement which was made in the inquiry

in the House of Commons in 1840, I believe by Mr. Blair, who was then treasurer of the Bank of Scotland. He stated that the notes which came in for the exchange would amount to about 30 per cent. of the actual issue then remaining out in the hands of the public ; so that the Scotch banks, making a return at the end of the week after their exchanges with one another, have the advantage of showing their circulation at its minimum, and they have had the advantage of the use, without paying stamp duty upon them, of all the notes which have been in the interval in the hands of other banks.

Mr. Campbell-Bannerman.

6436. You have stated that, as a non-issuing banker, you would not have suggested any interference with the privileges of issuing bankers if the Scotch banks had not made an inroad into England ; how does that inroad affect the relations between English bankers among themselves ?—My meaning was this : that, as a non-issuing banker, I should have considered it a very invidious thing to have raised the question as between the two sections of English bankers, issuers and non-issuers ; but when an incursion is made from the North, and the whole of this question of the restrictions upon issues is raised, contrary to the desire and without any intervention on the part of the non-issuing banks, then if the whole question comes to be discussed, I venture to take the position which I have indicated.

6443. You said, I think, when you were asked about charges, that in Scotland the charge made for a remittance of any kind was usually paid in cash over the counter ?—That used to be the case, and I understand that it is so still.

6446. Did you say that the charge was larger in England than in Scotland ?—That is according to circumstances, and the character of the account. There are some accounts which in Scotland under the Scotch system would really be subjected to a higher charge than in England, but there are other accounts which would escape with a smaller charge. It is impossible for me to draw a balance between the charges, and to say that the one would be greater than the other.

6447. If the charge was larger in England than in Scotland, probably the people of England, if they were aware of the fact, would prefer the Scotch charges, would they not, even if they did involve a little more book-keeping and trouble ?—The charge for the commission cannot be taken alone in comparing the two systems of charge in Scotland and England. Our practice, where we charge commission, is to allow interest upon the daily balances of the current accounts at the deposit rate, that is to say, the same rate as the Scotch banks would allow upon deposit receipts.

Mr. Balfour.

6458. Then it would always be in the power of the Bank of

England, I suppose, to continue the present system by offering a very small premium upon bankers keeping their reserves there, so that you might not materially alter the present system?—What I conceive to be the vice, if I may put it so, of the present system, is this, that the Bank of England is made the sole source of legal tender issue, and consequently comes to be the sole repository of the cash reserves of the different banks, and that it uses those reserves for the purposes of its business; it trades with them, in point of fact, and its reserves therefore dwindle down to a small point. I do not blame the Bank of England for that, but I blame the system for it.

6459. But I want to know how your proposed system would obviate that; it would not of necessity compel the bankers to go to this new place of deposit?—No, but a banker must keep a reserve, and if they left it where it was not traded with it would be there, and would be ready when they wanted it.

6460. Do you think that they would prefer that?—There has been a proposal made that the clearing house bankers should hold their own reserves; a proposal which was very ingenious, but perhaps impracticable, and I should think that what I venture to suggest would be more practicable.

6461. The loss to the country would be considerable, would it not, in the way of capital being locked up?—The gain to the country would be greater in the way of ballast and steadiness being given to the trade of the country.

Mr. Backhouse

6473. When was your bank established?—The bank was established in its present form in 1865; but it had previously existed for nearly a century as a private bank.

6474. It was not an issuing bank at that time, was it?—It was not an issuing bank at any time.

6475. There was nothing to prevent the bank which you represent from having been an issuing bank prior to the Act of 1844?—Nothing.

6476. It was their own choice that they were a non-issuing bank?—I understand so.

6477. And that is the case with all non-issuing banks that existed prior to 1844, is it not?—That is so. The honourable member is, of course, aware that issuing banks in Lancashire are decidedly the exception.

6478. Therefore those banks established since the Act of 1844 have been established, have they not, with a knowledge that there could be no issue acquired by them?—With the knowledge that so long as the present legislation remained in force they were debarred from issuing notes.

6479. And, therefore, so far as regards their competition with banks of issue that exist at present, they either have had the oppor-

tunity of being banks of issue, or they have started banking with the knowledge that they would have to contend in competition with banks that have the privilege of issue, have they not?—That is so.

6480. With regard to the Act of 1844, you spoke of it as an Act intended to extinguish the local circulations of England, did you not?—I believe that it was the intention of Sir Robert Peel to pave the way for the concentration of issues upon a sole source of issue.

6481. And that he expected that the provisions which he made in that Act would, in course of time, diminish the number of banks of issue?—Yes, certainly, he expected that.

6482. And they have to some extent diminished since then, have they not?—Yes; but not nearly to the extent that he imagined.

6483. But, at the same time, considering all the circumstances of the case, he was quite willing to allow them to die a natural death, and not, by any legislative measure, to end their right of issue?—He expressed, throughout his speeches, great desire to have regard for existing interests.

6484. If you re-established the right of issue by doing away with the restrictions of the Act of 1844, how would you propose to confine it to any one special class of banks, would it not be reverting to the common law right of obtaining money on credit which existed prior to 1844, and would it not, therefore, be very difficult to restrict it to any defined class of banks?—I believe that banking in England is much better understood, and is also upon a much sounder basis than it was prior to 1844, and I should not consider that the objections which might have been valid at that time against what may be called indiscriminate issues, would be valid now, because I think that indiscriminate issues would not meet with credit at the hands of the public.

6485. But supposing that issues were allowed with security deposited with the Government against those issues, do you see how it would be possible in any way to define to whom that right of issue should be given?—If full security were given for the issue perhaps the necessity of defining would vanish.

6490. As a matter of fact, do you not find that where trade is bad, and when we have had a bad harvest, there is less gold circulating amongst the people than there is in prosperous times?—It is natural to find it so.

6495. I think you stated that almost the total reserve of the country was that held by the Bank of England; is it not, in your opinion, desirable that each banker for himself should keep a much larger reserve than has hitherto been the case in legal currency in his own safe?—Either in his own safe or where it would be more available.

6496. Where it would not be employed again?—Where it would not be employed again. That is my point.

6500. But it places them much in the same position as non-issuing banks in England are in, which issue Bank of England notes, does

it not?—Yes, I should think so; but I would be understood to guard any expression of opinion which I may give with reference to Irish banks by this remark, that I am not familiar with the practice of banking in Ireland.

Mr. Hussey Vivian.

6501. I think you suggested that the State should hold the reserve of bankers; of what nature would that reserve be; would it be bullion or would it be securities?—Bullion, or notes representing bullion.

6502. Bank of England notes?—Or State notes if the issue was transferred to the State.

6503. And you consider that the advantage of that would not be accessible to the ordinary operations of trade?—That is so. The balances of bankers are at present traded with by the Bank of England; if they were lodged with the State they would not be traded with, but they would be treated as a pure reserve.

6504. You think that the bullion in the Bank of England is inadequate to the great commercial transactions of this country at present?—I think so; the reserve of notes.

6506. Then you would not consider that it would be any advantage to the banker to issue notes against gold actually deposited by him in a State reserve; if he so issued notes he would be to a certain extent in the same condition as the Scotch banks are in now, namely, he would be able to keep notes in the various tills of his branches and only to deposit gold when those notes were actually issued; would not that be an advantage?—I think the honourable Member will see that in the case which he has supposed, the English bankers would not be in the same position as the Scotch banks are in now, because the Scotch banks are compelled to have the coin, but they do not lodge it with the State; they do not part with it, and, in fact, I believe, Scotch banks do not hold any more coin than they would have to hold against their ordinary liabilities if they had not a single pound note issued in the hands of the public; and yet they have the advantage of that coin being regarded as a basis of increased issue.

6507. You would propose, I presume, to introduce such a system as that into England?—I think not.

6508. You desire, if possible, to obtain the advantage of having the use of unissued notes for the working of your branches?—Yes.

6509. But you do not consider that it would be worth your while to purchase that advantage by the deposit of gold in a State reserve, such deposit only to be made when the notes were issued?—I have not gone into any calculation upon that point. I should very much question whether it would be worth the banks' while to lock up the money in gold merely for the sake of having the notes in the hands of the public.

6510. You would have the advantage of the unissued notes in your tills against which you had deposited no gold?—There would be an advantage, but it would be exceedingly difficult to work the

arrangement; because, as the honourable Member will see, the amount of notes in the hands of the public would naturally fluctuate, and gold would have to be taken in and put out of the hands of the State department to answer and correspond with those fluctuations.

6511. Supposing that it were worked on precisely the same principle as the Scotch, namely, by a weekly return, would it not then be an advantage?—There would certainly be some advantage to the English banks. An issue that was based upon such a scheme as you propose would not be utterly valueless, but it would be not nearly so valuable as the present system of Scotch issues.

6512. Because the Scotch have in truth the advantage of issuing to an almost unlimited extent, simply against gold which they hold for other purposes?—Yes; the bullion in the Scotch banks does double duty.

6522. You are well acquainted with the Scotch system and also with the English system of banking. Will you shortly state the difference between the Scotch system and the English system of banking, irrespectively of the note issue?—I do not know of any difference in the practical transactions with the customers, if that is what the honourable Member refers to.

6523. I mean the whole system of banking, irrespectively altogether of the note issue; do they keep larger reserves, or do they discount more or less, or is there, in point of fact, any peculiarity in the Scotch system which has been so much vaunted, or are not the two systems precisely and identically the same?—I know that the operations which I assist in conducting in Lancashire are precisely the operations which I used to see conducted in Scotland. We make advances to our customers, and we take from them letters of guarantee by friends, very much to the same purpose as the Scotch cash credits are, and we also advance money; and we have this advantage, I think, in banking in England which Scotland has not, that we advance money upon the deposit of title deeds, which forms an equitable mortgage upon property.

6524. Generally speaking, there is no great and radical difference between the Scotch system of banking and the English system of banking, is there?—I think not.

Mr. Beckett Denison.

6530. Wherein do you think would be the advantage to the public in calling upon banks to find security for the note issue as against the deposits, giving the note issue rather a preference over the deposits of the country?—I think there is a preferential claim on the part of the public founded on justice, because, as I have already stated in answer to a previous question, the note holder is, you may say, an involuntary creditor, whilst the depositor is a voluntary creditor.

6534. In point of fact, cheques have very largely taken the place of bank notes, have they not?—They have; but not as till-money, of course. It is the power of unissued, but issuable, notes which, I think, is the magic power of circulation.

MONDAY, 5th JULY, 1875.

Mr. THOMAS COOKE called in, and Examined.

Chairman.

6540. You are, I think, Chairman of the Manchester and Liverpool District Bank?—Yes.

6560. Do you make any charge for cashing a Bank of England note, if it is issued from some other branch than that in the town where it is presented?—Yes; if our customers pay into our bank notes of that kind, we make them, when they draw the money out, the usual banker's charge, by which we are paid for our services. It is the custom in the provinces, or at all events in Manchester, to allow interest upon all money paid into the bank, whether it is paid in as a deposit, or paid into a current account; we allow interest from the next day upon everything paid in, and inasmuch as no London banks do that, nor any Scotch bank, to the full extent that we do, we need to charge a commission to remunerate us for our banking services.

6567. Comparing yourselves for the moment, not with the Scotch banks, but with the English issuing banks, do you consider that an English issuing bank has an advantage over you?—Decidedly; but not to such an extent as the Scotch banks have, because the issue of the English banks are more restricted, whereas I take it that the issues of the Scotch banks are practically unlimited; they have a monopoly; no bank can be established in opposition to them, because no bank can live in Scotland without the power of issuing; and in all important places great numbers of them are congregated, and they have very great facility at the end of the week, before they make their return to the Government, of putting out of sight, out of the term "circulation," if I may so express myself, a very large portion of the notes that have been in circulation during the week; I do not know to what extent the circulation of the Scotch banks is so hidden by those weekly exchanges, but I suspect it is to a very great extent, and I think it is most important that everybody dealing with this subject should know what is the amount of those weekly exchanges; it is very important also to the whole commercial community to know that, for if the sum is as large as I suspect, it bears a very large proportion to the whole circulation of the country, which every commercial man ought to be acquainted with.

6569. Do you see any reason to complain of the advantage which the provincial banks of issue in England have over you?—It has always appeared to me a somewhat unfair privilege for them to enjoy, but I do not think that the non-issuing banks suffer from it to such a degree that they would have been moved into any

activity against it, but for the incursion of the Scotch banks, which is a very different thing. There is this also to be said as regards the English provincial issues, that they are gradually decreasing, and year by year, partly by that decrease, and partly by the increased number of non-issuing banks, bearing a very much smaller proportion to the whole of the circulation of England.

6570. Was your own bank at any time a bank of issue?—Yes, it was a bank of issue from its establishment in 1829 until 1844; and you will find, I think, that it is one of the banks scheduled in the Act of 1844 as having consented to take a composition, or an annuity to be paid by the Bank of England on the part of the Government to all those banks that were willing to forego their own issues and issue Bank of England notes.

6571. How was that annuity calculated?—We were offered an annuity of 1 per cent. upon the then amount of our issue, or a discount account with the Bank of England to the same amount. That was at 1 per cent., I think, under the Bank of England published rate, but the account was at all times to be kept full. In our case the amount of issue was £69,000; our annuity which we took in preference to the discount account is £690 a-year, which is paid to this day. If we had taken the discount account we should have had to keep under discount at all times to entitle us to the low rate, £69,000 of bills. I may say that that annuity was not the inducement to our bank to give up its issue. From what had occurred between 1833 and 1844, chiefly I think in the year 1839, when a great number of Manchester banks of recent formation failed, those who at that time had the management of the bank with which I am connected, had come to the conclusion that those issues were a source of weakness in all times of commercial disaster.

6573. Was it your impression at the time that the Act of 1844 was passed, that it was in the contemplation of Parliament to extinguish, within some period not very remote, the right of issue of provincial banks?—I have read with a very great deal of care the Parliamentary proceedings in connection with those Acts. I do not find it stated anywhere distinctly by Sir Robert Peel that it was his intention to put an end to all private issues, all issues except that of a national bank, but I think that there can be no doubt at all from what he says, that he considered one bank of issue the right principle; that he did not at once resort to the establishment of one bank of issue out of regard for old practices and old institutions, and even prejudices, which he said ought to be regarded. But he enacted that Parliament should have power in 10 years to reconsider the measure; and I take it that he hoped that by that time the country would see the advantages derived from his legislation, and the basis upon which it was founded, and would be reconciled to carrying the principle of the Act further.

6576. Have you any other point to urge in objection to the establishment of branches of Scotch banks, either in London or in England?—I think if they are allowed to establish themselves in the provinces they will be most unfair competitors, and I think I can satisfy the Committee that that must be so. The Scotch bankers admit that this privilege of issue which they have, is the thing which has enabled them to establish such an immense number of branches, altogether disproportionate to the branches of English banks, and we English bankers know that if it were not for the loss of interest upon the money that we must keep at every branch, we could establish a great many more. I do not know what the direct profit of the issues is to the Scotch banks, I can only estimate it from the position of my own bank. The interest allowed on deposits is somewhere about 1 per cent. under the Bank of England rate. From 1844 to the end of last year the Bank of England rate had averaged as nearly as possible 4 per cent., and therefore it may be taken for granted that the interest that we allow for deposits on the average of a number of years, is 3 per cent., about 1 per cent. under the Bank of England rate. I stated a short time ago that we cannot work our bank with less than £700,000 lying idle in our tills. For that £700,000 we pay 3 per cent., the Scotch banks would pay nothing for such a sum, but there is a further profit upon the issues. Where the public have faith in them, and treat them as money, they are as good a source of banking profit as any other capital employed in the bank. As the profit of my bank upon the whole of the resources with which it works is about $1\frac{1}{2}$ per cent., if I had the Scotch power of issue, in addition to saving the 3 per cent., I should get a profit of $1\frac{1}{2}$ per cent., which would make the issue worth to me $4\frac{1}{2}$ per cent., less the cost of the notes and the stamps, and the licenses, which I saw had been stated by one of the Scotch witnesses here, cost the Scotch banks altogether about two-thirds per cent. £40,000, I think it was stated, was the cost in stamps and licenses to the whole of the Scotch banks, and their declared issue is somewhere about £6,000,000.

6580. It is a disadvantage to the English banker, but not to the English public, I suppose?—No; but then I do not think that the British public have a right to do an injustice to get an advantage. If so, if a large enough body of men were to pick my pocket, you might say that the public were benefitted; but surely nobody would be so immoral as to wish to have a law to justify such a thing.

6582. How far do you carry that? Supposing that they had accumulated capital in any way excepting banking, would you say that they had no right to come and use that capital in establishing banks in England?—If they had obtained that capital without any special legislation to enable them to obtain it, and by means which are allowed to all other portions of their fellow-countrymen, then I

should say that nobody had any right to complain. But to bring that capital here which they have been enabled to obtain by some privilege given to them by the Government which has been withheld from me, is an injustice to me. It is equal to a subsidy on the part of the Government to one of the competitors and none to the other.

6585. Supposing that a Scotch bank were going to establish a branch in St. Helen's, they would have to do the same, I suppose?—Yes.

6591. Can you name some imaginary sum which you would have to provide to carry on operations on a certain scale there?—In a place like St. Helen's I should say that we should need a balance of £4,000 or £5,000, at all events.

6607. Supposing that Parliament were of opinion that it was not fair to retain two kinds of banks, one privileged to issue, and the other forbidden to issue, and wished to put all classes upon an equality, which should you think the fairest way of doing it, taking away the right of issue from those who had it, or extending the right of issue to those who had it not?—I think that it is fair for Parliament to do anything which is for the advantage of the community at large. If you should ask me which I should consider the more advisable course of the two, I should say most distinctly that the abolition of all private issues was the best way to put us on an equality.

Mr. Backhouse.

6609. Would you include the Scotch and Irish issues?—Yes; but I should not like you to assume that I should be desirous of doing that at once, by the stroke of a pen. I should consider that extremely slap-dash and unwise legislation. If anything of that kind has to be done, it will have to be done with the utmost judgment and care, and with all that sagacity which Sir Robert Peel exercised when he passed the Act of 1844. I think that when we look back at his sentiments at that time, we shall find that he was a much wiser man in 1844 than a great many of us are in 1875, and better informed upon this subject.

Chairman.

6610. With regard to the issue of £1 notes what is your general view?—I should regard an issue of £1 notes with almost horror. I am old enough to remember the year 1825 (I was then about 15), and I recollect distinctly the consternation which existed in Manchester at that time through the almost universal discredit which was thrown upon bank issues. I have heard it commonly remarked that when people went to their business during that year, they did not inquire what banks had broken, but what banks were standing; I think that about 70 banks broke at that time, and all

because there was a run upon them for gold for their notes; they emptied the Bank of England till to get the gold, and the Bank of England was within 48 hours, I believe, of stopping payment. If it had not been for the arrival of a box of sovereigns that was found in the Bank of France, and their being forwarded between Saturday night and Monday morning, I believe it is an historical fact that the Bank of England would have stopped payment on the Monday morning; and ultimately it relieved itself, I believe, by an issue of £1 and £2 notes.

6611. We are aware, of course, of the difficulties of that year; that was under a system of banking differing in many respects from the present, especially with regard to the limitations on the right of issue. Do you consider that, subject to the present restrictions upon the amount of issue, there would be any danger in allowing part of that issue to take place in £1 notes?—If I understand the terms upon which it would be done to be that every man who issued a £1 note should have a sovereign in the hands of a trustee ready to redeem the promise on the note, I should say that there is no great objection to that upon principle, but I think that it would be a great deal better to have them all issued by one bank. You would want returns from all those people who issued them, and they would have to satisfy you in some way or other that they deposited the gold, and it would be a great deal easier to look after one bank than it would be to look after the 300 banks which there are in England.

6612. But supposing no other change to be in contemplation in the present system, and supposing that the banks which now have a limited right of issue, retain that right within the same limits as at present, should you see any reason why a bank having a right of issue, let us say of £10,000 should not be allowed to issue a certain number of £1 notes instead of one-fifth of that number of £5 notes?—I do not see that there would be any advantage in it at all to anybody.

6613. But do you think that there would be any disadvantage?—I think that it is a vast deal easier for ordinary people to ascertain whether a sovereign is genuine than it would be to ascertain whether a £1 note is genuine, and I believe that it is on record that when the Bank of England issued £1 notes they were forged to a very great extent. The notes of other banks were not so much forged, because they circulated in their own special district, and there was not so large a field for passing off their forged notes, as there was in the case of the Bank of England forged notes, the latter being in use throughout the whole country.

6614. So that if there should be an issue of £1 notes, it would be safer that they should be issued by the provincial banks than by the Bank of England?—As regards the forging of them, I have stated what I believe is a matter of history; that is to say, that the Bank of England notes were more forged than the private notes;

but I cannot understand what can be the motive for issuing £1 notes.

6615. That is another question; do you consider that the right of issuing £1 notes is an advantage to the Scotch and Irish bankers?—No doubt; because if they did not issue £1 notes they would have to issue sovereigns, and sovereigns would cost them a great deal more.

6616. If it is an advantage to the Scotch and Irish bankers, do you consider that it would be an advantage to the English bankers to have the same right?—Yes; the bankers would have the same advantage; but I should like it to be understood that I am not speaking of the advantage to the community.

6620. Do you think that it would be of advantage to the public that the provisional issues throughout England should be absorbed in one system of national issue?—Most decidedly.

6621. Will you state why you are of that opinion?—It is a most important thing to a country like this, whose foreign commercial relations are so extensive, that it should be aware at all times when the necessity of commerce renders an export of gold necessary.

6622. And you think that that would be more easily regulated under a single system of issue than under a system of issue conducted through various independent banks?—Yes; I should like to make this further remark: that the export of gold would more extensively and directly affect the price of other commodities. The way in which the cessation of an export of gold of that kind is brought about is this: that as the gold diminishes here the prices of commodities must necessarily go down until they reach a point when the creditor abroad says, "Now, I would rather have your commodities than your gold; send me no more gold, but send me the commodities." Then the prices of commodities have been adjusted by the export of gold.

Sir John Lubbock.

6624. You think, therefore, as I gather from that, that it is undesirable that a bank should be largely under acceptance for foreign credits?—I should like to see such a law in this country as I have heard there is in Germany, that bankers should not be allowed to accept bills. I think, when we look at the enormous debt that they owe to their depositors, they push their credit far enough, without undertaking to pay other people's debts, which is the practical effect of accepting bills.

6625. One honourable Member has argued that it is desirable that the Scotch banks should be allowed to come to London, because it would enable them to accept bills from India and from foreign countries to a large extent; I presume that you would consider that a disadvantage rather than an advantage?—Yes, and I think they are entering on a very dangerous business, judging from what I see at the present moment.

6626. Your bank, I presume, uses the country clearing, in collecting drafts drawn upon different parts of England?—Yes.

6627. You are not charged any commission for any drafts that are collected through the agency of the country clearing, are you?—No.

6628. If one bank had to pay a charge upon such transactions, and another bank had not to pay the charge, of course the bank which had to pay the charge would be placed at a considerable disadvantage, would it not?—Decidedly.

6631. How much is the weekly receipt of Scotch notes in the whole of their seven branches?—They receive in Scotch notes £3,200 a week, which notes they forward to Scotland for payment. Of those, all but £50 to £60 are received at Berwick.

6632. Where are the branches situated?—The six branches are: Newcastle, North Shields, South Shields, Sunderland, Seaham Harbour, and Blyth.

6633. How much do they take on an average at each of those branches?—At those branches they receive £3,200 a week of Scotch notes.

Mr. Campbell-Bannerman.

6634. Does that include Berwick?—Yes, it includes Berwick; exclusive of Berwick, it is £50 or £60 a week; that is the weekly average of notes for the last two years.

Sir John Lubbock.

6636. Mr. Gairdner has put in a paper in which he estimates the relative charges of Scotch and English banks, by taking the relative amount of profits in proportion to their deposits; do you consider that to be a proper mode of arriving at the amount of the charges?—I think it is a most fallacious test of the charge, and I think the statistics of the Scotch banks themselves show that it is. I have been at the trouble of ascertaining the per centage of profit of a number of the Scotch banks (all whose accounts I can find) upon their banking resources, namely, their deposits, their capital, their reserves, and their notes, and I find that the per centage of profit of the various banks is as follows:—The Aberdeen Town and County Bank, 1·43 per cent.; The Bank of Scotland, 1·38 per cent.; the City of Glasgow Bank, 1·24 per cent.; the Clydesdale Bank, 1·67 per cent.; the Commercial Bank of Scotland, 1·43 per cent.; the National Bank of Scotland, 1·43 per cent.; the North of Scotland Banking Company, 1·38 per cent.; the Royal Bank of Scotland, 1·50 per cent.; and the Union Bank of Scotland, 1·37 per cent.

6640. There is no doubt that a wide dissemination of banking facilities is a great advantage, but I think I gather that you are of opinion that, beyond a certain point, the multiplication of branches

of banks is really no advantage to the public?—I think the extension of branches is an advantage to the public, if they are properly established and are conducted on a proper principle; but I should be very sorry to see more banks in England in consequence of our having the same facility for establishing them that the Scotch banks have, namely, an issuing power like the Scotch bankers, because I think it would be utterly inapplicable to the whole country, although it may work tolerably well in one corner of it, when it is aided by better institutions in this country.

Mr. Anderson.

6664. Are you not restricted from issuing notes?—Yes, but I am restricted as all other English bankers are in that respect.

6665. As all other non-issuing bankers?—Yes. There we are only disputing about a word. I know the meaning of your question, which is this: should I prefer to have the Scotch privilege of issue, or should I prefer to have the Scotch banks reduced to my level, by being deprived of their privilege? I should prefer to have the Scotch banks deprived of their privilege, because I think it would be better for the whole community.

6679. Would you like to see a State bank of issue?—If it were practicable and convenient, I should like to see the State issue the notes in exchange for gold; but that would be extremely inconvenient, because it would compel every banker to hold a quantity of gold from which he would have to transmit to the Government office what he needed from time to time to convert into notes, but at great inconvenience. Whether a Government office could be split up and be at every banker's door, or therabouts, I do not know; I am afraid not; therefore I think that there would be practical difficulties in the way of the Government being the issuers of notes. At present they are issued by the bank as the agent of the Government. All bankers can get notes from the issue department by taking gold there and exchanging it for notes; but practically we do not get our notes in that way; we get our notes through the instrumentality of the banking department of the Bank of England. Almost all London banks keep an account with the Bank of England, and if a country bank wants notes it sends probably to London something that can be converted into notes. But those notes must be got from some place or other, and ultimately somebody gets them from the Bank of England through the instrumentality of the banking account that he has with the banking department; and that is a very great advantage to us. It was not planned; probably Sir Robert Peel, who really understood this subject so wonderfully well, might know that that would be one of the advantages of issuing notes in the way in which they are issued; but it was not spoken of as a part of his plan or scheme. But it is one of the faculties of business to find the best way of

conducting itself; and so, as I say, practically all bankers get their notes from the issue department of the Bank of England in exchange for gold, through the instrumentality of a banking account in the banking department of the Bank of England.

Mr. Campbell-Bannerman.

6706. I think you said that the capital which you would have to employ if you established a new branch would cost you three per cent., and that the capital which the Scotch banks obtain in Scotland costs them very much less?—Yes.

6707. But yours would cost you less if you were an issuing bank, would it not?—Yes, if I had the same power of issue as the Scotch banks have, I should be able to collect deposits on as favourable terms as they do.

6711. When did your bank give up its issue?—It ceased to issue in 1844, when the Act passed.

6712. Did it receive compensation from the Bank of England?—It received an annuity; not a compensation for its loss, excepting you take into account that an issuing power is a decided disadvantage in the place of an advantage.

6713. Do you take that at all into account in calculating the three per cent.?—No, not at all; I have explained how I reckon that three per cent. We pay interest for all the deposits in the bank. We have no money to work with except that which is deposited with us and our own. Our own money is all invested in consols, capital and reserve fund too; and therefore we work the bank with deposit money. Our deposits cost us three per cent. The Scotch banks by their power of issue can collect deposits to a much greater extent than we can, on which they get the same profits probably as we do. If the Scotch banks through their issuing power get the means of collecting deposits, they get their profit upon those deposits as we do; but they do not need to let any of those deposits lie idle in their till because they can make money for the till themselves. That is their special privilege; I have no such privilege, and therefore the money which lies in my till is the interest-bearing money.

6716. The portion of the Scotch banks' privilege to which you appear to attach the greatest importance is their system of exchanging notes on Saturdays?—Yes.

6723. You are aware that the practice which is adopted of calculating the amount of circulation is imposed upon the banks by the Act of 1845?—I have something to guide me in this matter, and if the Committee will allow me I will read it. Sir Robert Peel said in introducing the Act of 1845 applicable to Scotland: "Now I propose that we should adhere to the present system in taking the returns in Scotland, that we should allow Scotland the benefit of these continued exchanges, and that we should permit that country to make a return as it does at present, of the amount of bank notes actually issued from

each bank on the last day of business in each week. That is a point to which I apprehend Scotch banks attach considerable importance; I think that the calculation made by the Right Honourable gentleman opposite was, that it would make a difference of nearly 30 per cent. in the amount of the Scotch circulation if you took the daily average of the notes instead of taking the returns upon the last day of transacting business in the week; and that is the reason, I apprehend, why the amount of the circulation in Scotland appears low." I share Sir Robert Peel's apprehensions, and I have stated already that I believe that a very large amount of notes which would otherwise be in circulation according to the common acceptance of that term, would still be in circulation if it were not for that weekly exchange; and we do not know the extent of the privileges which the law has awarded to Scotch bankers until we know what amount of notes they exchange every week. Sir Robert Peel said that he had the authority of one of the Scotch gentlemen on the other side of the House for saying that if the Scotch bankers had to make a daily return the same as the English issuing bankers do, it would make a difference of 30 per cent. My own opinion is, that it would make a much greater difference than that now; if it were true at that time I think that the difference would be greater now. But the whole thing can be set at rest by the Scotch bankers letting us know what it is; and I think it is information which the country ought to have, and that it is most important that every commercial man should know the total circulation of the country.

6731. I understood that in your opinion this was the principal privilege which gave the Scotch banks an unfair position as regards their English neighbours?—The privilege of issue which they possess by law is what I say gives them their great advantage, and connected with that is this system of exchange which enables them to have in circulation for the greater part of their time notes for which they do not hold gold. If they held gold for all those notes that they exchange at the end of the week the profit upon them would be gone.

Mr. Balfour.

6732. It is your opinion, I think, that the extension of branch banks into small towns is an advantage to the community?—Yes.

6733. And you also think that that extension can only be carried out if the banks who desire to establish those branches have a right of issue?—It can be carried to a very much greater extent if they have the right of issue.

6734. Therefore, it is quite clear, is it not, that the public benefit largely by the right of issue, and that part of the benefit goes, not to the banks, but to the public?—Yes; the public get the benefit of those branches.

6735. And those branches can only be kept up by the issue of

notes?—Not the whole of them; a good many of them could not exist, I believe, but for that power of issue; but I beg to call attention to the fact that I am dealing with the question between the Scotch and English banks. I do not deny that certain advantages may be possessed by the Scotch banks, and possibly by a portion of the Scotch community, but I say that it is got at the expense of the English banks and community.

6740. You think that the introduction of Scotch capital into England is an injury to English bankers?—I have said over and over again, that if Scotch bankers are to be allowed to introduce into England the superfluous capital which they have acquired through their privilege of issue, and the great number of banks of deposit which they can establish, to compete with me as a banker, who have not the same privilege as they have, they are very unfair competitors with me, and the law ought to help me; that is my position.

Mr. William Shaw.

6745. Is the Scotch banking the only unfair competition that you have to complain of in consequence of the state of the banking laws?—There is a great deal of competition, which I do not like, but I do not know that I can complain of the law as being the cause of it.

6746. Does not the law give an issue to your competitors, and so give them an advantage?—Yes; but in the early part of my evidence I said that in principle the issuing powers of the English bankers were just as objectionable as the issuing powers of the Scotch bankers.

6747. It is only a question of degree?—It is only a question of degree between the two; but inasmuch as the English issues are gradually decreasing, and have decreased since 1844, from something like £8,500,000 to £6,500,000, and that £6,500,000 forms year by year a smaller and smaller proportion of the circulation, it is not an evil of such magnitude that it would move me at the present time into any sort of activity to get rid of it. I am moved into activity by a much greater evil than that, namely, the threatened invasion of England by Scotch bankers without giving up their privilege of issue which, perforce, the English issuing bankers would have to do if they wished to carry on a banking business beyond their prescribed limits. They can only issue in the provinces of England, that is to say, outside the well-known circle of the 65 miles radius; and if they get within that circle, that is to say, if they begin to carry on a banking business out of their own provinces, they must give up their power of issuing. The same thing was not provided for as regards the Scotch banks, and probably for this reason, that they claimed to have their special issuing power, on the ground that they were a poor country and

could not afford a gold and silver currency like England. That I think you will find recorded in history in many places. They have now become so rich that they are able to bring their capital acquired through their issuing power into England to compete with us as bankers; and I think that if that had been foreseen it would have been enacted that if they came out of their own territory, they, like the English issuing bankers, must forfeit their special privileges.

6752. Is not the agency for their banks in London a very important element in their calculation?—I have to pay an agent in London, which I prefer to do to establishing a bank of my own there. I daresay I should make rather more money if I established a bank of my own in London, because I should get some banking profit to set against the cost of doing my agency business, which now is done for me.

Mr. Backhouse.

6771. With reference to the excess of the Scotch circulation, have you noticed the evidence of Mr. Readman, at Question 3749, at which he says, “that the excess of circulation before the exchange would be much more than £2,000,000”?—I have not had time to read all the evidence that has been given before the Committee, though I have had the best newspaper report of it carefully put into a book for the purpose. It appears that Mr. Readman’s evidence strongly confirms the suspicions which I have expressed.

6772. That is rather more than 30 per cent. of the total issue of the Scotch banks, is it not?—Yes.

6773. For whatever amount they are in excess of their authorised issue after the exchanges are made, they are obliged to hold gold, are they not?—Yes.

6774. Supposing that excess is £1,000,000, is it not possible that they might hold £4,000,000 in gold for 48 hours, to meet the excess of the average of the four weeks, instead of £1,000,000 for the four weeks during the whole time?—Yes.

6775. Therefore, the only need they have to hold gold against their excess of issues, is to hold a sufficient amount on one Saturday in the four weeks?—Yes; and those demands for gold for Scotland which sometimes unexpectedly occur are demands in connection with their circulation.

6777. Your own bank does a larger business than any Scotch bank, does it not?—I should think so; of course, I do not know without looking into their books, but, as a matter of opinion, I should say that it does.

6778. And in spite of your large business, and the large connection of your district with London, you find it more advantageous to employ a London agent, than to open a bank in London yourselves?—Yes; I am satisfied that a London bank would be somewhat of an incumbrance to us, and further than that we have got our repu-

tation and our character as a provincial bank, and I do not wish to disturb the impression in any way. One of the great things which a banker learns by experience is to let well alone. Credit is a most ticklish thing,

Mr. Sampson Lloyd.

6781. I think, in answer to a question in the early part of your evidence, you said that there was no difference in kind between the privileges of the English banks of issue, as competitors with English non-issuing banks, and the privileges of the Scotch banks; is there not a great difference between the privileges of an English bank of issue, which has a very limited right of issue, and that only of large notes, and the privileges of a bank which can issue both large and small notes, and has also practically an unlimited privilege of issuing against gold for its till money?—There is a great difference in extent.

Mr. Hussey Vivian.

6806. Do you think that the extent to which the deposit system is now carried, is a safe and good system for banking?—Yes, I see no objection to it. Of course, however small the deposits may be in a bank, if it is badly and imprudently managed they are endangered; but judging by the past, and in fact by what is going on at the present time, I see no reason to take alarm at the large amounts which are deposited in banks, when the banks are properly managed. I think that that proportion of the capital of a bank which it holds out to the public as the primary security for the deposits, should be removed as far as possible from the risks of the banking business, by being invested in the very best securities, either for sale or to borrow upon in case of emergency. Many banks do not invest any portion whatever of their paid-up capital or their reserve funds in securities of that kind, but employ the whole of the money in carrying on their banking business, which is necessarily attended with more or less risk.

6807. Then you do not consider that the attracting of deposits by high rates of interest is an unsound or unsafe system?—I do indeed, but fortunately the public have too much good sense to let that go too far. So far as my experience as a banker enables me to give an opinion, there is nothing of which the public are better convinced than this: that deposits are not safely placed where people show great anxiety to get them, and one of the most obvious evidences of people wishing to have them is, that they will pay more for them than their neighbours. It is generally assumed by those who put money into banks for safe custody, that the interest which they receive is of small importance compared with the certainty of receiving the money when they ask for it, and they generally take alarm if a bank offers more money than its neighbours

for deposits. At any rate I notice that those banks that compete with me, who offer more for deposits than I do, do not increase their deposits as fast as I do.

6808. But that is owing to the good sense of the public and not to the system of banking?—Yes, it is owing to the prudent system of banking. The more you pay for your money the more risk you must run in its employment. Now it stands to reason that no banker can afford to pay interest for money unless he makes some use of it. If he locks it up in a drawer he cannot go on very long; he must employ it in some way, and the more he gives for it the more risk he must run in its employment, because the profits are always proportionate to the risk.

6809. Is it not a fact that since the system of allowing high interest for deposits has become customary very much bad business has been done, and much more than was previously done?—I think that the commercial history of the country will show that there was as much commercial disaster when banks allowed no interest on deposits as there has been since.

6813. Do you think that it would be desirable to introduce the Scotch system of unlimited paper issue in order to effect that good?—No, the moment that a law of that kind passes, I should cease to be a banker.

6814. I mean limited only by the gold which they have in their possession?—If they only issue notes on gold, my only objection to it is that I do not see what good it would do, and I do not think that it would save much; I was looking the other day, and I found that a quantity of George III. sovereigns are still in circulation. Those must have been circulating for 50 years at all events. Supposing that somebody had held those sovereigns all these years, and circulated notes in the place of them, I do not think that the notes would have cost any less than the sovereigns have lost by wear and tear, because I cannot find any of those sovereigns that have lost more than a shilling's worth of their gold, whereas if a note circulated for 50 years, I take it that it would have been worn out many times, and have been replaced by a new one. I do not know what the cost of notes is: I have heard it said that the Scotch banks have reckoned the notes to cost three-halfpence each; eight three-halfpences is a shilling, so that if in 50 years you have to renew your note seven times, it has cost just as much as one of those George III. sovereigns; the Bank of England notes are said to cost 4*d.* each, but whether that is so or not, I do not know.

6816. When I characterised the Scotch issue as unlimited, I meant that it was simply limited by the gold which they happened at that moment to possess, although that gold was liable, as a general asset, to all their liabilities; you have a certain amount of gold, I presume, always in your till, and the Scotch issue notes against their gold?—The bank which I have to do with is obliged to keep

more gold than most banks, because we have to pay away weekly such an enormous sum for wages; the business of this bank is chiefly with the manufacturing interests in the districts where we are, and we have to find them the money for wages, and that necessitates a very considerable stock of gold; I think that we pay away about £250,000 a-week in sovereigns, half-sovereigns, and silver. There is one thing that I take every opportunity of mentioning, and I should be glad if the Committee would allow me to mention it here; half sovereigns have become almost a necessary of life; they enter into the wages of almost every individual that works in a cotton factory. The Bank of England is not bound to pay half sovereigns, and we get them from the Bank of England entirely by favour. The half sovereigns cost the Mint as much to coin as the whole sovereigns; obviously the Mint would rather not coin them, and if the Bank of England likes to be on good terms with everybody connected with it, as all bankers do, it does not press the Mint to coin half sovereigns; and there is this further reason, that they take a great deal more counting than sovereigns do, and the Bank of England likes to save itself as much trouble of that kind as possible.

6818. Have you, in your great experience of providing funds for the payment of wages, found any want of a local note circulation?—No, not at all; we have often found a want of silver, and of half sovereigns, but of nothing else.

6819. The wages are always paid in gold and silver, and bronze coinage, are they not?—I think that they are now almost universally. They were once upon a time paid in lumps; for instance, the wages of all the people who worked in one room were added up together in gangs, and some of the workpeople received the money for the whole, and received it in a shape in which it was not available; so that they had to carry it to some shop or public-house to get it split up; that has got into disuse. I may mention a fact which is historical; that in the early days of the first Sir Robert Peel he used to pay the wages for whole rooms together in his print works, by drawing a bill upon his establishment in London, and he used to hand that to the workpeople, and they were thankful to get it in those days in that shape.

6821. The Scotch system does not render it necessary that the banker should hold the gold for more than one day, the day upon which it certifies; is not that so?—I believe so.

6822. That must be a considerable benefit to them?—Yes; it would be a benefit to me. We are obliged to hold a stock of one week's gold to the amount of £250,000. From year's end to year's end we have about £250,000 of gold in our tills waiting for the next week's demand. If I could issue £250,000 of notes upon that, I should get interest upon those notes, and so save the loss of interest upon that stock of gold.

6825. Do you consider that there is anything special in the Scotch system of banking beyond the power to issue notes? No, I think not; I believe that the system of our banking is something like the Scotch system; we were advised by those who were experienced in Scotch banking when our bank was established (long before my day as a banker, but I know it to be a fact), and almost all our first officers were Scotchmen, but we got into sad trouble; we almost ceased to exist in 1839 and in 1840, when so many banks broke in Manchester, entirely through inexperience in the management of the banking business; joint stock banks were quite a novelty then.

6828. What is the proportion of your investments in bullion and first class securities, in proportion to your liabilities? In the year 1874, the paid-up capital was £900,000, and the reserve profits not divided among the shareholders, had accumulated to £600,000 or thereabouts. Now, the proportion that those two items, the paid-up capital and the reserve fund, bore to the deposits in the year 1874 was 11·99 per cent., that is 12 per cent.

Chairman.

6837. If cheques are drawn upon you and given to persons who had no account with you, you cash those cheques without charge, do you not? Of course we charge our customers for our services. The cheque is an order to us to perform a duty for the customer, and we charge him; we do not charge the man to whom the duty is to be done.

6838. But you do not charge your customer upon every cheque that he draws, do you? Yes, in all those accounts where there is no commutation of the commission, we charge a commission upon everything that is withdrawn from the account. We do not charge any commission upon what is paid into the banking account; we merely charge a commission upon what we pay out.

6839. Is that a common system with bankers?—It is the system throughout, I believe.

Mr. Backhouse.

6840. Where interest is allowed upon the account?—I take it that it is the system almost throughout England to allow interest on deposits.

6841. My suggestion was that where interest is allowed on a current account a charge is made for commissions, that is so, is it not?—Yes.

6842. And when no interest is allowed on a current account you make no charge for commission?—Sometimes, but rarely, a deposit account drifts into what we call a current account. The man may not have used any of the money, but may have added to the hoard for several years, and then he begins to draw amounts out, and, of course, a few cheques of that kind we should generally pay no attention to; but if he begins to draw numerous cheques upon this

account, then we take his money out of the deposit account and put it into a current account, and charge him commission, because we are doing costly work.

Sir John Lubbock.

6843. Do you not usually charge your commission, not upon each separate cheque, but half-yearly?—Half-yearly.

Chairman.

6844. That is to say, you take the balance of the transaction?—We charge a commission upon everything that has been withdrawn from the bank. If the money is withdrawn and paid back again, and again withdrawn, we charge for our services in paying it out commission each time.

6845. I suppose that this system is also pursued by issuing bankers, is it not?—I believe so.

6846. They, I suppose, would charge in the same way for any cheques that were drawn upon them, whether they paid them in their own notes or otherwise?—Yes, in ordinary cases; but I understood that Mr. Seebohm said that this power of issue was an advantage because it enabled people who had no account with a bank to get cheques of other banks cashed without any charge to them.

6847. As Mr. Seebohm refers to Manchester, you may, perhaps, be able to confirm or explain his statement. He speaks of various classes of persons, and he says this: "Market gardeners are another class in my own district who send their produce to distant markets, even as far as Manchester, receiving cheques on Manchester banks in payment, which cheques are brought to the bank and cashed without charge for them, though they are not customers." Do you suppose that he means that those cheques are drawn by persons who have accounts at the Manchester banks?—Yes, they are crossed cheques, which in all probability people remit in the usual way.

6848. Those cheques having been drawn by the customer of the Manchester bank, is the customer ultimately charged a commission upon them?—The customer of the Manchester bank who draws the cheque is charged a commission after the cheque is paid.

6849. But what Mr. Seebohm says is, that the small tradesman, a market gardener, or whoever he may be, who receives this cheque, has an advantage in getting it cashed without charge; that is not confined apparently to the case of banks which issue their own notes, because you do it who do not issue your own notes?—No, we should charge in such cases; if such holder of a cheque on our bank as Mr. Seebohm spoke of were able to present it at our bank he would get it cashed for nothing; but he takes it to Mr. Seebohm's bank, which is not bound to pay it, and they at once give him their promissory notes, not the money, for it without

charge; if they had to pay him in Bank of England notes or gold they could not afford to do that business for nothing; it is only because they are able to pay him in their own notes that they can do him that service without charging for it.

6850. Mr. Seeböhm means that they are brought to the bank at Hitchin and cashed there without charge, and that the bank at Hitchin would not be able to do that without charge unless it were an issuing bank?—That I take to be the meaning, and I have no doubt that it is so.

6851. Putting that construction upon it, which is probable; would you say that the existence of a bank, with a right of issue, was an advantage to trade in those parts of the country where there are a good many small transactions?—Yes, in that way.

6855. What is your opinion as to the advantages or possibilities of an issue upon the deposit of securities?—The promissory notes are a promise to pay certain metallic money, and securities are not the same thing. A man might hold very good securities, which might be worth many thousands of pounds, but if another man came and required him to cash a £5 note which he had promised to cash in sovereigns on demand, his securities would not avail him until he had gone through the process of realising them, and so he would fail in his promise to pay on demand.

6856. At the present time there are various banks in England with an authorised issue of about £6,500,000, which issue is against nothing; should you consider it an advantage, or otherwise, if those banks were required to deposit in the hands of the Government a certain amount of securities to specially secure the £6,500,000 of issue to which they are entitled?—It would be an undoubted advantage. It would make their issues more certain ultimately to be paid, under any circumstances that might happen; but the amounts which most of the banks are empowered to issue are now very small in proportion to the business which they carry on, for since 1844, when the issues were fixed, the business of banks, I take it, has prodigiously increased; I know of none in which the business has not greatly increased, and therefore their issues are a very small portion of their liabilities. I think that most of the issuing banks are conducted with very great prudence, and that it would be really an unnecessary precaution at the present time, their issues being so strictly limited, to require any security from them; but at the same time I am bound to admit that their issues would be ultimately made safer by it, and that the principle of their being allowed to issue is wrong.

THURSDAY, 8TH JULY, 1875.

Mr. JERVOISE SMITH called in, and Examined.

Sir John Lubbock.

6860. You are a private banker in London, are you not?—I am.

6861. A partner in the house of Smith, Payne, & Co.?—Yes.

6865. Do you consider that the Scotch banks have, in consequence of their legislative privileges, a monopoly of banking in Scotland?—Certainly.

6866. Do you think that it would be possible for an English bank, or for any new bank to establish itself in Scotland, under existing circumstances?—It has been proved not to be so, by the failure of one or two banks.

6867. It would not be possible for us even to have an agency in Scotland for the collection of bills and cheques, would it?—It would not.

6868. Of course an agency in one part of Scotland would not be sufficient; it would require establishments all over the country?—You would be compelled to have agencies as widely spread as the branches of Scotch banks.

6869. And you consider that if we are precluded from going into Scotland, there ought to be strong reasons alleged before those who have a monopoly of Scotch business are allowed to extend themselves beyond the area of that monopoly?—The Committee of English bankers is very strongly of that opinion.

6878. Have you any information as to the amount of cheques and bills payable in Scotland which the Northumberland and north country banks have to collect in the year?—Yes. By return from Newcastle it appears that Messrs. Lambtons & Co. collected £710,000 in the last year; Messrs. Woods & Co. collected £480,000; the National Provincial Bank collected about £300,000; and Messrs. Hodgkin & Co. collected about £150,000. On the other side of the country, at Carlisle, the City and District Bank collected £208,000, and the Cumberland Union Bank at Carlisle collected £420,000.

6884. Have you known any case in which an account has been removed from your bank in consequence of the establishment of a Scotch bank?—Yes; in consequence of a Scotch bank having a branch in London.

6885. Was that in consequence of the advantage enjoyed in collecting cheques and other drafts in Scotland in consequence of the freedom from those charges for commission?—That is the reason urged.

6888. Do you find, practically, that the Scotch banks which are established in London have launched out very considerably into this accepting business?—Judging from their own balance-sheets the increase is very marked, especially in the case of the three banks which have come to London.

6891. It has been alleged that the establishment of Scotch banks in England would be an advantage to the public because it would tend to lower the rates of interest, and thereby benefit the commercial community; do you think that the transfer of £1,000,000, or £2,000,000, or £3,000,000 from Scotland could have any effect upon the general rate of interest in their country?—It could certainly have no appreciable effect.

6892. It has been stated in evidence before this Committee, that the unemployed funds of the Scotch banks in Scotland amount on an average to £1,000,000 sterling; of course they must keep some reserve in Scotland, but even supposing that the whole £1,000,000 was brought to London, do you think that it would produce the slightest effect upon the average rate of interest?—Not in the least.

6893. You base that opinion, I presume, upon the very large amount which is employed in discounting bills in England, an amount in comparison with which £1,000,000, more or less, would be quite inappreciable?—Quite inappreciable.

6894. Moreover, the rate in London is practically influenced by the general rate throughout the mercantile world, and therefore without altering that rate it would be impossible to alter our rate in London, would it not?—Most certainly; we could not alter it here by ourselves.

6895. Have you any reason to believe that the Scotch banks would have been likely to increase their business in England by purchasing some of the English country banks?—I have very strong reason to believe that to be the case. At the time when the bill of the right honourable gentleman came on for second reading, there was a report very generally circulated that negotiations were already concluded for the purchase by one of the Scotch banks that has crossed the border of an English country bank with several branches. Of course it may be considered only a rumour, but it is one which was in everybody's mouth, and it has never been contradicted in the slightest degree.

6896. Do you not consider that that would inevitably lead to a great increase of the circulation of Scotch notes in England?—It must; they must follow the Scotch banks according to all precedent.

6898. I suppose you do not deny that the existence of the £1 note circulation in Scotland, by very greatly economising the use of gold, confers a considerable advantage in the shape of interest upon the people of Scotland?—Most certainly it does.

6899. On the other hand, there is no doubt, is there, that the existence of a gold circulation in a country is of very great importance as tending to regulate the exchanges, to mitigate the effects of a bad harvest, and generally to give stability to commercial operations?—We hold that to be the case.

6902. On the whole, then, I gather the general tenor of your

evidence to be that while the English banks were willing to acquiesce in their exclusion from Scotland as long as matters remained as they had been, still they consider it unjust that they should be practically excluded from Scotland if the Scotch banks are to be allowed to come to England?—That is our argument; we contend that it is impossible for the English banks to go to Scotland, and that the Scotch banks come here clothed practically with a subsidy from the Government.

6904. In fact, you contend that either the same privileges ought to be given to the English banks as are enjoyed by the Scotch banks, or that the Scotch banks ought to be deprived of their present exclusive privileges; or, if it is thought desirable to continue to them the monopoly which they have so long enjoyed, that in that case they should be required to confine themselves within the area of that monopoly?—I should say that the best thing would be that they should confine themselves within the area of their monopoly; otherwise one or other of your suggestions should be adopted so that we should come into the field on equal terms; I am not prepared to alter the existing arrangements, or to suggest that they should be altered at the present time.

Mr. Anderson.

6909. You said that having a gold circulation in a country mitigated the effect of a bad harvest; will you explain what you mean by that, or how it does so?—Having gold in circulation at the moment is of the greatest possible advantage in meeting the sudden demands in the country, and not having a drain thrown upon the Bank of England, or any other single establishment in London at one moment.

6918. Whenever there is a foreign drain of gold there is instantly a rush to get the notes changed; is that your experience?—I am afraid that I have not quite made myself understood. When there is a pressure, a tightness of money, there is then a general drain of gold.

6919. I understand that the gold is drained away from the Bank of England, but is it drained out of the pockets of the people? Your position is that the gold which is circulating in the pockets of the people helps you with a foreign drain; I want to know how that helps you with a foreign drain, because I do not myself believe it?—If there were nothing but notes in circulation, if there were not a certain proportion of gold, the drain of gold from the banks would add further pressure to the foreign drain.

Mr. Campbell-Bannerman.

6940. Supposing that the largest amount reported to the Committee as the acceptances of a Scotch bank was £1,600,000; do you consider that too large a sum?—The two cases are not in the

least degree identical. The London banker would accept on behalf of his country correspondents, the banker in Scotland, we will say, or the banker in the provinces. The Scotch bank accepts directly against the goods.

6941. But they have equally good means of obtaining information, and they may conduct their business quite as safely and as prudently as a London banker, may they not?—Yes; but the London banker has the security of the provincial or Scotch banker as well. He does not take the goods, only he has that in the background; his correspondent has the goods, and he has the security of the bank.

6942. So that the risk is spread over the two banks?—Yes; and the London banker has the security of the provincial or Scotch banker to support him.

6943. But if the business is unsound in itself, it does not much matter, does it, whether one bank or two are involved?—No London banker would accept credit lodged by a correspondent to the extent you have named for one correspondent.

6944. Do you think that this large sum of nearly £5,000,000, which is reported as being the amount of the acceptances of the Union Bank, must be mainly composed of acceptances on behalf of their correspondents?—I should rather leave the Union Bank to speak for itself. My impression is that they accept largely for an Indian bank of very great importance.

Sir John Lubbock.

6948. And the Union Bank is not an issuing bank, is it?—The Union bank is not an issuing bank.

6949. Would not that, in your opinion, make a very great difference?—The main difference, so far as the public are concerned.

Mr. Orr Ewing.

6950. Are you aware, from your own knowledge, of the nature of the acceptances of the Scotch banks?—No, except that I see them constantly; they come under my hand, and they appear to be in the form of a pure and simple credit.

6951. Are they not principally drafts by foreign bankers against the Scotch banks?—No.

6952. Have you never seen bills of that kind?—I will not say that I have never seen them, but in the case of the majority of the Scotch bank acceptances to foreign drafts that I have seen, the draft itself is drawn by merchants in Bombay and Calcutta. Those are the bills which I have seen most recently.

Mr. Campbell-Bannerman.

6968. But you do not require to keep money for the purpose of settling your balances?—Yes, we do indeed; every clearing banker

has an account at the Bank of England; he has not the bank notes in his own till, but he has them on the opposite side of the street.

Mr. William Shaw.

6975. You are in favour of Mr. Goschen's Bill, I suppose?—I am, on public grounds.

6976. Are you aware that the English private banks of issue assert that they have a right to come to London without losing their issues?—In one single case I have heard it stated, but I do not know whether it was stated on good grounds or not.

6977. You have as much cause of complaint, have you not, against the English private banks of issue coming to London if that is the state of the law as against the Scotch banks or the Irish banks coming to London?—If they came to London they must lose their issue, but the question has never been tried, and I am not prepared to offer an opinion upon it.

6978. If that is the state of the law, you would consider that it was just as injurious to your interest as the Scotch banks coming, would you not?—It would be as unfair to a modified extent.

6979. And you would therefore seek to have Mr. Goschen's Bill modified in that direction, so as also to exclude English private banks of issue, if the law would allow them to come?—We hold that no banks with those particular privileges should come to London.

6983. Do you think that there is sufficient banking accommodation in London at present, considering the population, and considering that the greater number of the large banks are centered in one small spot?—Fully sufficient. Wherever it is worth while to set up a branch, it appears to be done.

6984. Do you know the number of branches in the suburbs of London compared with the population?—No, I am not prepared to state that.

6985. Is it a common thing for a trader in the suburbs of London, or in many of the principal streets, to keep a banking account?—It is quite general.

Mr. Kavanagh.

6991. You said, I think, that you considered that there was quite sufficient banking accommodation in London?—So far as I am aware there is ample banking accommodation in London.

Mr. Sampson Lloyd.

7005. With reference to the questions put to you by the honourable Member for Carlow as to the risk to Scottish bankers trading in England, is not one reason, for your apprehension, that the business which a bank carries on very far from its centre of management must necessarily be carried on with less knowledge on the

part of the directors, of the persons, and of the character of the business so far from the centre?—Certainly.

7006. That applies especially, does it not, not merely to Scotch banks, but also to all banks which would trade very far from their centre of management?—Yes.

7007. As to bill brokers and banks lending on bills, I presume that bankers do not object to lend for investment on the security of first-class bills, sums of money repayable at call or short notice, when they would not discount over the counter possibly for a person of less credit, whether to a bill broker, or on a bill brought over the counter, which is not so good as a bill broker hands to the bank?—It would be a matter of arrangement, but I have never known a bank to refuse accommodation to a customer, or to make advances to a bill broker to the prejudice of their customers, which I understood to be the question.

7008. The point of my question was to elicit whether you do not consider it quite consistent with giving full accommodation to your customers, for a London banker or any other banker occasionally to lend money on the security of first-class bills to bill brokers?—Of course.

7009. The first is accommodation, and the second is investment?—Yes.

7010. The first is for the customer's purpose, and the second is for the banker's purpose. As regards the unfairness of English country banks of issue coming to London, I think you said that you should feel it to be unfair because the English country bank has certain privileges which its competitors in London would not have?—Exactly; the principle is the same.

7011. But are not its privileges enormously less than the privileges with which a Scottish bank would be armed when it came to London?—Certainly; and I think I added that to my answer.

7012. Is not one of the most important privileges which the Scottish banks have, namely, that of issuing notes against the gold and coin which they are obliged for their own purposes to keep in the bank as till-money, a privilege which is denied to the English country banks of issue?—It is; and it is the most important privilege that they possess.

7018. On the point of English country banks of issue coming to London; is it not the fact that the London banks used at one time to issue notes?—They did.

7019. So that they were disposed to avail themselves at that time of the privilege which the law then allowed them?—They did. Up to 1844 there were bills on demand which Messrs. Coutts & Company used to issue largely. I have one here which I could show to the Committee.

Mr. William Shaw.

7021. Did any joint-stock bank issue them?—Not to my knowledge.

Mr. Sampson Lloyd.

7022. But at a previous period, was it not the fact that several London bankers issued notes?—Yes; a long time ago.

7023. Was it not the fact that they were prevented from doing so not by their own choice so much as by the Act of Parliament in the name of public policy?—Yes.

Mr. Goschen.

7054. I understood you to say that you could speak positively to the fact that an account had been withdrawn from your firm on account of a Scotch bank being able to do their business free of commission for them. I can speak positively to that fact.

Mr. William Shaw.

7055. Was it a Scotch firm?—It was not.

Mr. Goschen.

7056. I presume that such instances would be likely to occur in that branch of business where there are English houses doing business with Scotland?—Yes.

7057. Was this an account which had been with you for some time?—For a great number of years, and it was with great reluctance that they separated from us, and they expressed their regret that they were compelled to do so by the greater advantages that were offered to them as their business rested mainly in Scotland.

7064. You are positive on the point that you yourselves made no charge for commissions which was objected to, but that they were commissions which you had to charge because you had to pay to the Scotch bank?—They never raised one single objection; on the contrary, they expressed themselves as very sensible of all the advantages that they had received during the time that they had been with us; but they said that their business lay in Scotland; they found it now more desirable to do their business through a Scotch bank when it had an office in London.

7065. Was it an English firm trading with Scotland, or a firm in Scotland?—It was a foreign firm.

7066. Where was its head office?—Its head office was abroad; it was not in England.

7067. But not in Scotland?—It was not in Scotland.

7068. And they found it more to their advantage to go direct to the Scotch banks, as they could do their business cheaper in that way?—That is the inference which we drew. They stated positively that now that so many of their transactions were within Scotland, they found it desirable in consequence to open their account with a London branch of a Scotch bank.

7073. You use that as an illustration of the manner in which by means of their monopoly in Scotland the Scotch banks retain in their hands the collection of funds in Scotland?—I do.

7074. And for that they are able to charge the London banks a commission, whereas if they do the business themselves through branches in Scotland, if they choose they can do it free of commission?—Exactly.

7075. And in that way you are handicapped by a charge, which in the general competition of banking, renders it difficult for you to succeed in keeping any portion of the business which is connected with Scotland?—It must interfere materially with all that business.

Mr. Orr Ewing.

7113. Your principal objection is, that you think that the Scotch banks are taking away some of your business, is it not?—I say that that will possibly be the tendency.

7114. But it is the actual fact, is it not?—It is an actual fact in one case. It is an unimportant case, but it shows that it has happened.

7115. A house doing its business principally in Scotland, has found it to be more profitable to conduct that business through a Scotch bank, and you find great fault with that?—No, hardly; I said that they were exposed to a tax of which they would be relieved by transacting their business through a Scotch bank having a branch in London.

Mr. Goschen.

7116. Was this purely Scotch business?—It was Scotch money remitted to London for the purposes of this establishment, and that was the tax that we infer pressed upon them, and which they considered that they had no longer a right to submit to.

Mr. Campbell-Bannerman.

7117. You infer that that was the fact, but they did not state so to you?—They stated that it would become desirable in consequence of the establishment of the branch of that Scotch bank in London to transfer their account to that bank.

7118. But have you any definite reason which leads you to believe that it was, because the charge on remitting money from Scotland to London was greater when it was done through you than through the Scotch bank?—We could put no other construction upon it; I have no hesitation about it.

7119. Would you be surprised to hear that the Scotch banks charge quite as much for money which comes to their own branch as if it came to you?—I was not aware that that was the case.

7120. Of course in neither case do they charge for sending money down to Scotland, but they charge for sending money up

from Scotland to London, and their charge is the same whether it comes through a London banker or through their branch ; were you aware of that ?—I am not aware of that.

Sir John Lubbock.

7121. Those transactions, if I understand rightly, were transactions between England and Scotland, and it was upon those transactions that you were placed at a disadvantage, as compared with the Scotch bank ?—We understand so.

7122. It was not purely Scotch business, but business between England and Scotland ?—Yes.

Mr. Orr Ewing.

7123. Was it not money remitted from Scotland to England ?—It was money remitted from Scotland to London.

7124. That is not business between England and Scotland, but business between Scotland and England ?—It led afterwards to the payment of coupons, and so forth, in London, which were sent up from Scotland for collection in London.

7125. And this firm told you that they left you because they found it more profitable to do business with a Scotch bank ?—They said that they found it desirable.

7126. You said that they found it more profitable, and I took down your words ?—No ; “desirable” was the word that I used.

7127. It no doubt must be very hard for you as a banker to lose a good account of that kind ; but to the customer who is able to do his business in a more profitable or in a more desirable way with the Scotch bank, it will be a gain, will it not ?—It could not be done with greater economy, or more profitably to the customer, if the Scotch bank had not a privilege which we do not possess in England.

7128. But do you think that a firm that expressed to you their great distress at being obliged to leave you, and their great satisfaction with the manner in which you had conducted their business, would leave you unless there were some substantial grounds to take them away ?—I believe that it was in consequence of the commission which we were obliged to charge as it was charged to us on the remittance of the money to and fro.

7129. But supposing that that firm saved that commission, it is an advantage to them, is it not ?—Certainly.

7130. And therefore the establishment of Scotch banks in London may be of considerable advantage to many others in the same position as that firm, may it not ?—It shows that the competition is most uneven and unfair.

7136. But you want to prevent it in banking ?—Pardon me. I wish to have the freest and the largest competition, and you cannot have it more keen than the competition has been for a long time in

London, but we say that the Legislature should not invest our competitors with these large subsidies and privileges which they at present possess, and which were granted to them, as we contend, under certain conditions.

Mr. Balfour.

7147. The only things that can effect the progress of a new bank must be either the confidence which the public have in it, or else the fact that it is able to offer lower terms to the public. We have it in evidence that the Scotch banks offer the same terms to the public in England as the English banks do; and I presume that their credit is not affected in England by their note circulation in Scotland; so that they really stand in the same position with regard to you, do they not, as any new bank, of good credit, founded in England, which had no issue, would stand in?—Not exactly; they would be able to transact any business between England and Scotland, free of those charges to which we are exposed.

Mr. Orr Ewing.

7162. Supposing that the drawer of a bill such as you consider to be legitimate is an undoubtedly good name, is not that name frequently as good as the names of a drawer and acceptor of less high standing?—Certainly.

7164. But inasmuch as all bills represent goods, is there not very little difference of risk to you between the one bill and the other?—There is a very material difference; I pledge my credit for the bill in the one case, and in the other case I take it upon the credit of others.

7165. You pledge your credit upon the one name in the one case, and in the other case you pledge it upon two names?—No; in the one case I accept the bill and pledge myself to pay it; and in the other case I only take it from a third person, from yourself, upon your own credit, and upon the credit of the drawer and acceptor and the other names upon the bill.

Mr. Goschen.

7166. Is there not this great difference: that when you accept it you do not give your money, but you give your name, and it remains a liability upon your bank?—Certainly.

7167. And any bank largely accepting in that way has given a promise to pay without having paid?—Certainly.

7168. On the other hand, if you discount the bill, you have paid away the money, and you may lose, but you have, at all events, satisfied any claim upon yourself with regard to that bill?—Certainly; there is no further claim upon us; nobody has a right to come upon us.

Sir John Lubbock.

7176. The business of a colonial banker is a totally different thing from the business of London bankers like yourselves, is it not?—Entirely.

Mr. Leveson Gower.

7179. I presume that your customers who withdrew this account from you would view this question in a very different light from what you do, and that they would be opposed to the restriction which you advocate?—I really cannot say; I have not had the opportunity of seeing them since we received the letter.

Chairman.

7187. What I understand in the case of this bank is, not that any new restrictions were placed upon their transacting their business through you as formerly, but that new facilities are given for their transacting it through the Scotch bank and its agency in London?—We understand that to be the case.

7188. Previously to that time you had had, in conducting business which they had occasion to do in Scotland, to charge them a commission which you yourselves had to pay to the Scotch bank?—Yes.

7189. That commission continued still payable to the Scotch bank if the business was conducted through you, but if it was conducted directly through the agency of the Scotch bank in London there would be no commission?—We understand that to be the case.

7193. Why are not the Scotch banks admitted to the country clearing house?—It has never been suggested, so far as I am aware, and I doubt whether, with all their branches, it would be practicable.

7194. If they could have been admitted to the country clearing house, the question would not have arisen as to the charge of commission, would it?—The cheques on them could not pass through the country clearing, unless they conceded that point, and paid all the cheques on them without commission.

7195. Has the question ever been raised, whether the clearing house system could be made to extend to Scotland?—Not to my knowledge.

7200. I do not understand the working of the country clearing house; will you explain it so as to show why it would not be applicable to the whole island?—We receive, this morning we will say, a number of country cheques for collection, and we meet again on Saturday to receive payment for those cheques.

7201. Will you explain what you mean by a country cheque?—A cheque payable at Bedford or at Newcastle. We exchange them, we settle our balances to-day, and we send them down to our correspondents to-night, and they instruct us to pay or not to pay as the case may be, on Saturday morning. We meet then and settle our

balances again, making allowance for such cheques as have been returned direct to the country banker or to the London banker who has passed them through ourselves. If some of these cheques were on branches of Scotch banks in the north part of the island, they could not go down, for instance, to Thurso, and get back again by Saturday morning, and it would be an exceedingly difficult matter then, of course, to settle our country clearing, it would practically make it impossible.

7202. How soon could you get them back from Thurso?—I am hardly prepared to answer that question, but they would not be back here by Saturday morning, which is my point.

7203. If they could be back by Monday morning, how would it upset your system?—Because we should have to treat them as unpaid on Saturday, and that would involve the question of the country clearing house enormously. I am speaking in the presence of an authority on the subject, but I think it would be almost impossible to conduct the business, taking in the north of Scotland or Ireland, or any place at such a distance, that we could not by return of post be assured of the payment or dishonour of the cheques which we sent.

7204. If that difficulty could be overcome, and if the Scotch banks were admitted to the clearing house, do you suppose that it would be an advantage to them in the conduct of their business?—They send up their own cheques, the cheques which they receive upon England to the clearing house now. Therefore they do use the country clearing.

7205. Do you suppose that if they were admitted to the clearing house they could dispense with this commission which they now charge?—They could not be admitted to the clearing house and charge a commission. They must dispense with the commission before they come to the clearing house at all.

7210. Can you say that you have any right to complain of the Scotch bank with which those persons had necessarily to do business, opening an agency which enabled its customers to do business with them more conveniently than through a London bank?—We complain, or contend that we have a right to complain, that they should come into competition with us, with the privileges which the Legislature affords them. If it was not for these privileges we could have done the business as cheaply as the Scotch bank.

7217. If the Scotch banks do not charge lower terms than the English banks, and therefore do not attract customers away, and if they do not bring more money into England, and so reduce the value of money on loan, in what respect have the English bankers a right to complain of the competition of the Scotch banks?—Because that money is secured to them by the monopoly of the issue of notes which they enjoy in Scotland; and we, the English bankers, cannot go to Scotland to enter into competition.

with them, because we have not that monopoly, and have not the issue of notes.

7218. But, ordinarily when one person competes with another person in business, he, to a certain extent, prejudicially affects that person's profits by himself offering lower terms, and so compelling his competitor to reduce his terms; and if that does not compel him to reduce his terms, he does not do him any harm at all, does he?—He must in the end reduce his terms; the competition must become more and more keen.

7232. Do you consider that the same danger would apply to their carrying on business in England as would apply to their carrying on business all over the world?—The acceptances to which reference has been made are drafts drawn from India; and if the bill is not paid, if the produce does not realise sufficient to pay that draft, they must, in the first instance, go upon the Indian correspondents, and it may be putting their money out in India; it involves that risk.

7237. Why should they be less available if a portion of the business of a Scotch bank having its head quarters in Edinburgh were carried on in Northumberland than if it were carried on in Caithness?—If it is carried on under exactly the same rules, and there is no difference made, I am not prepared to say that there would be very much difference, except that the risk would be very much more limited in the one case than in the other.

7239. Would you think it legitimate for the State to interfere with the business of banking in order to prevent its being carried on in a way which may involve risk to depositors or note-holders or the public generally?—I presume that the Government have a right to interfere as far as the issue of notes is concerned, that having been conceded subject to any restrictions that might be found necessary afterwards.

7240. Why should they have more right to interfere where there is an issue of notes than in any other case?—Because the note-holder become so involuntarily; he is practically compelled to take the notes of the circulation of the banks.

7241. Even though they are not legal tender?—Even though they are not legal tender.

7243. Then if the right of issue were withdrawn from banks you would say that the trade of banking ought to be perfectly free?—If the privileges were withdrawn from the Scotch banks, I should say that our cause of complaint would be removed.

Mr. Sampson Lloyd.

7251. I presume, in reference to the question which you were last asked, that if it is deemed to consist with public policy and with benefit to the public that privileged banks should be introduced into England, you contend either that the English banks

should be privileged like the Scotch banks, or else that the privilege should be taken away from both the English banks and the Scotch banks, or else that the privileged banks should confine themselves to a sphere where all are equally privileged?—Yes.

Sir John Lubbock.

7256. The advantage of the country clearing consists, does it not, in the facility which it gives to banks for collecting drafts drawn upon all parts of the country free of any charge?—Yes.

7257. And that advantage the Scotch banks now enjoy, do they not?—They do.

7258. They practically do send drafts through the country clearing, and therefore, they have the advantage of the country clearing, have they not?—Yes, speaking from personal knowledge in our case, we collect everything for our correspondents through the country clearing.

7259. The only reason for printing the name of the London correspondent of the bank upon the cheque is, that the clerk at the clearing house should know at what desk he should present the cheque; is not that so?—That is all.

7260. Therefore, practically, the Scotch banks do now enjoy the advantage of the country clearing, so far as that side is concerned?—Certainly.

7261. And the only difficulty of cheques upon them being dealt with at the country clearing house is, of course, that we have to make our returns by return of post, and that we cannot do so in the case of banks so far north as Thurso?—That is so.

7262. Before the establishment of the country clearing the English banks did not generally charge any commission, did they?—No, very few of them did.

7263. But the question of commission does not arise upon the country clearing; it has not been the country clearing which has prevented the English banks charging a commission, but the competition which exists between English banks?—Yes.

7264. And on the other hand it is the monopoly enjoyed by the Scotch banks which enables them to charge us this commission, is it not?—We believe it to be the case.

7265. The honourable Member for Stirling asked you whether you were aware that a branch of a Scotch bank established in London would charge a commission on sums to be collected for its customers in Scotland; but in that case the Scotch bank would derive the advantage of the commission, would it not?—Yes.

7266. Whereas in your case also the Scotch bank gets the advantage?—Yes.

7267. Therefore in either case the Scotch bank gets the advantage, and in neither case does the English bank get the advantage?—That is so.

Mr. Goschen.

7268. The charge to the customer being the same in both cases?—Yes.

Sir John Lubbock.

7269. Therefore, though the charge for commission may be the same, the profit would be larger to the Scotch banks than it is to the English banks?—Yes.

7270. We are at present practically prevented from going to Scotland, are we not, by the legislative privileges enjoyed by the Scotch banks?—We are.

7271. Therefore if we are prevented from going to Scotland, they ought to be prevented from coming to England, or we ought both to be placed on the same terms; that, I presume, is your own argument?—On public grounds it is.

7272. Do you not consider in view of the immense magnitude of the transactions in London, that it is very desirable that banks doing a large business in London should have a head office in London?—I do.

7273. In your remarks with reference to acceptances, you were not bringing that forward as any complaint of ours, but that as a question of general policy it is not desirable that anything should be done in the way of banks engaging in mercantile business?—That was my argument.

Mr. DAVID DAVIDSON, re-called; and further Examined.

Chairman.

7288. You have heard the evidence which has been given by the last witness; have you any explanation or any remarks that you wish to offer upon that part of it which related to the practice of the Scotch banks of doing business by the acceptance of bills?—As the Bank of Scotland's figures given in the return of the position of the Scotch banks to the Committee were mentioned, I was anxious to make an explanation in contradiction of a statement which I thought was made by the last witness. The figures mentioned were about £1,600,000. A part of that £179,000 consisted of drafts at short dates, for which the bank had received payment in money; money, but which were still outstanding. The remainder, £1,443,000 consisted of the acceptances of the bank; and although I have not the figures accurately, I am quite sure that I am within bounds when I state that between £1,100,000 and £1,200,000 of those consisted of acceptances to banks of very high standing in India and in Canada. The remainder, a comparatively small sum, arose out of the bank's ordinary transactions in connection with its customers in Glasgow, Dundee, and elsewhere. I am anxious to disabuse the minds of the Committee of the idea that the Bank of Scotland has entered into large transactions in the way of granting the use of its credit without exercising the utmost caution and care.

Sir John Lubbock.

7289. Do you speak for the Bank of Scotland alone?—I am not authorised to speak for any other bank, but I am anxious that the evidence given should not remain without some explanation.

7290. Then your remarks apply to the Bank of Scotland, but not to other Scotch banks in London?—So far as the National Bank is concerned, I think that I am fully authorised in stating that a very large proportion of their acceptances are of the character which I have described, and in connection with banking institutions abroad. With regard to the Royal Bank, I believe that they had no acceptances at the date of these returns in connection with London business, because they had only just opened their establishment in London, and therefore the opportunity had not arisen.

7291. Therefore, although you only speak categorically, with regard to your own bank, I presume that you wish the Committee to understand that you believe the circumstances with regard to the other Scotch banks in London to be practically the same as they are with regard to your own?—I do.

7292. But the fact remains that whereas your acceptances were formerly comparatively small, you have no acceptances to the amount of £1,600,000?—£1,443,000 excluding the local acceptances for which the bank has received money, and which are still outstanding.

7293. But still the fact is as the last witness stated that the Bank of Scotland has £1,600,000 under acceptance, of which the greater part is on account of banks in India and Canada?—Yes, banks of the very highest standing; the Bank of Scotland holding as a cover, in addition to the responsibility of those banks, bills of the very best class.

MR. WILLIAM HAMILTON CRAKE called in; and Examined.

Sir John Lubbock.

7300. You are a Director of the London and Westminster Bank, are you not?—I am.

7303. You consider, I believe, that the Scotch privileges give the Scotch banks a monopoly of banking in Scotland?—Undoubtedly.

7304. Without raising the question whether it is desirable that the monopoly of banking in Scotland should be handed over to 11 banks, do you consider that if that is the case there, in justice to banks in other parts of the United Kingdom, those 11 banks should be confined within the area of their monopoly?—Clearly.

7305. The Scotch banks coming and banking in England may make the same charges to the public as the English banks, and yet the profit to the Scotch banks would be larger than the corresponding profit to English banks, would it not?—It would belong to the Scotch banks, and not to the English banks.

7306. And you consider that any extension of a monopoly is contrary to the public interests in the long run?—Yes.

7308. You admit, I suppose, that a circulation of £1 notes has various advantages?—It is of great advantage to the issuers.

7309. You consider also that a large reserve of gold is of advantage to a country; I do not say of greater advantage; because I do not wish to ask you as between the two, but each has very great advantages in itself, has it not?—Yes.

7310. I believe that in the case of France, for instance, by the power which they had of replacing their gold circulation during the last war, by a note circulation they derived very great advantages from the existence of a large stock of gold in the country?—Yes; they replaced that gold by Bank of France notes.

7311. In fact it is a reserve upon which the country may fall back in any period of emergency?—In any period of a drain, or of war, or in any crisis.

7312. And under existing circumstances Scotland has the advantage of £1 note circulation, and England on the other hand bears the burden of the gold circulation, does it not?—The expense of maintaining the gold reserve falls upon England.

7315. We have heard a good deal to-day with reference to Scotch bank acceptances; in the course of your business I presume that you have frequently seen acceptances of Scotch banks?—Frequently.

7316. And they have increased very largely, have they not, since the Scotch banks have come to England?—Yes, they have increased very largely within the last seven or eight years, especially in the case of those Scotch banks which have come to London.

7317. Without questioning the caution which has been exercised by the Scotch banks in the selection of those to whom they have given those credits, do you consider that a large acceptance business is a business of a character which it is desirable that an ordinary banker should undertake?—In my opinion it pertains more to commercial than to banking business.

7318. Does the London and Westminster Bank accept largely?—The London and Westminster Bank, like all other banks doing business in London, can hardly escape accepting to a certain extent, but the London and Westminster Bank avoids it to the utmost of its ability. Many accounts of great value are refused, simply on the ground that they would involve foreign acceptances.

7319. I believe that the Bank of England accepts very little, if at all?—I believe that the Bank of England does not accept at all, except in the case of the bank post bills.

7320. Will you state why you think it undesirable that a banker doing a large deposit business should accept largely bills drawn from abroad?—Speaking for the London and Westminster Bank we hold that the public entrust us with large deposits and large funds, and that the security of our property should be here on the spot, and not broadcast over the world; that our credit and our funds should be available here, and not made use of as it were by granting a double credit in foreign and colonial countries, either in India, or

Australia, or America, or wherever it may be. We hold that the depositors have a right to look for the proceeds of their property entrusted to us being on the spot, and not used abroad.

7321. I presume that that applies with still greater force to an issuing bank, does it not?—Clearly. The issue, especially in a country like Scotland, where the public have no option but to take the notes of the issuing banks, only enhances the objection that I have already stated; not only the depositors, but the note-holders in Scotland are subject to this, which we consider a blemish in banking.

7322. That class of business is, in your opinion, entirely appropriate for such a bank as the Bank of Montreal or the Oriental Bank, or any Colonial bank of that character, but not for an English depository bank?—The banks to which you refer were raised and formed for the conduct of business in their own special branches, and they have the requisite knowledge and acquaintance, and they do not acquire to themselves the amount of deposits hereon the terms that we do, that is to say, deposits payable on short terms or on demand. Those banks are in a totally different position, nor has any one of them an issue in this country.

7323. You have heard the evidence which has been given by Mr. Davidson, but notwithstanding that the Scotch banks may have exercised every care and caution in the business, you think that it is desirable that that class of business should be kept separate from ordinary banking business?—Such is my opinion.

7324. Of course in accepting bills the bank which accepts undertakes the liability of meeting those bills at maturity, whether it receives remittances or not?—Clearly.

7325. If from any cause remittances do not come from abroad, of course the bank accepting would have to meet the bills?—It seems to me that, granting credits abroad by a bank receiving deposits in England, is really equivalent to the bank using its credit twice.

7331. Will you state shortly what you consider to be the grievance of the English banks as regards the Scotch banks?—The question of charges has been so fully gone into, that I need hardly repeat that; it is common and known to us all. I can supplement the evidence of Mr. Smith as to the withdrawal of accounts to this extent without dwelling on individual cases. I may say, that the great loss, both present and prospective, to English bankers, from the monopoly of Scotch banking, is, when accounts are initiated and commenced, when new accounts, for instance, are opened, when parties desire a banking account, it does, and must weigh with them, that if they go to a Scotch bank in London, they can get their Scotch business done on more moderate terms, without the charge for commission, and it does lead to those accounts being opened. It leads, in the second place, in the case of accounts already established, where they are of sufficient importance, to their opening a second account with a Scotch bank. The mere presence of a Scotch bank

in London must of necessity lead to accounts being taken to them from both these causes.

Mr. Orr Ewing.

7344. How is it that banks, without the privilege of issue in Ireland, can pay 15 per cent., and that you could not go into Scotland and be equally successful?—I do not know sufficiently about the state of banking matters in Ireland, but I assume that there is a far larger proportion of non-issuing banks there than in Scotland. You also have issuing and non-issuing banks in England working side by side, but in Scotland that is not the case. The very first thing that a bank going to Scotland must do, is to take over a sufficiency of its competitors' issue.

7347. You are not aware that three joint-stock banks have been established in Ireland since 1845, and that they are very prosperous banks, although they have not the power of issue?—The only conclusion which I should draw is, that in Ireland the power of issue is not of the same first importance to the banks that it is in Scotland, and hence that they have been able to establish themselves and gain a footing and become prosperous in spite of this absence of privilege. My evidence is that it is impossible in Scotland.

7366. Does the London and Westminster Bank accept any foreign bills?—As I said in my evidence in chief, it is impossible for us absolutely to avoid it, but we set our faces as much against it as possible.

7367. May I ask you what are your acceptances at present?—They have not varied very much for some years past. In our last accounts published the acceptances were separately stated, and are just £1,000,000; I cannot tell you within a few thousands, but they would be about the same now.

7374. Is the extent of your credits included in the £1,000,000 which you have mentioned?—Yes; they are not mercantile credits, as a rule.

7375. To what kind of houses do you grant them?—They are mainly for other banks. We cannot refuse to accept on account of a bank.

7376. But you do not accept for any bank out of this country, do you?—No; there are a large volume of short bills, drafts as we call them, of 14 and 21 days' date, mainly from Scotland.

7377. But I am speaking of foreign bills of exchange?—We do not profess to go into that business, and we avoid it to the best of our ability. We have refused many very valuable accounts because they would involve that description of business.

Mr. Norwood.

7417. You lay a good deal of stress upon the difference of position between the bank which is allowed to issue notes and the bank which is not allowed to issue notes; do you think that there is really very much difference in the liability to a holder of a note and to a

depositor in a bank?—I think that the holder of a note, such as a Scotch note, holds it on the credit of the bank on the spot; he does it on the credit of its fund, and so forth, and the depositor does the same, and my argument is, that the use of that credit for acquiring those deposits, and the issue of those notes, if supplemented by foreign acceptances, is a double use of the credit of the bank.

MONDAY, 19TH JULY, 1875.

Mr. KIRKMAN DANIEL HODGSON, a Member of the House, and Mr. EDWARD HOWLEY PALMER, called in, and Examined.

Chairman.

7428. (To Mr. Palmer.) You are the Deputy-Governor of the Bank of England, are you not?—I am.

7430. Can you inform the Committee generally what has been the course of proceeding since the passing of Sir Robert Peel's Bank Charter Act in 1844, in the direction of the absorption by the Bank of England of the notes issued by private or joint-stock provincial banks?—The authorised issue of the private and joint-stock banks, in 1844, was £8,648,853, and in 1874, the authorised issue was £6,624,163, the difference being £2,024,690. The composition is paid on £1,415,000, and the amount lapsed by failures and amalgamations with other banks is £609,690. That makes up the amount.

7439. Supposing that the State were to decide upon abolishing the provincial issues, do you consider that the Bank of England could adequately supply the wants of the country?—The Bank of England can readily supply any vacuum caused by the lapse of provincial issues, and that is proved by what has already taken place between 1844 and 1874.

7443. Can you form any judgment as to what would happen if the provincial issues of Scotland and Ireland were abolished?—The cases of Scotland and Ireland are to some extent different from the case of England, in consequence of the issue in those countries of £1 notes, and I think that it would be necessary in such cases, if the Government contemplated anything of that kind, to have centres of issue at Edinburgh and Dublin for those countries.

7444. Centres of issue connected with the Bank of England?—That is a matter of arrangement which the Government of the day would determine.

7445. But do you mean centres of issue from which notes of a different character from those issued in England should be sent forth?—Yes.

7446. Are the branches of the Bank of England extending?—They are not extending. On the contrary the branches at Exeter, Norwich, Gloucester, Swansea, and Leicester have been closed, as

they did not pay their expenses. With regard to that, I should say that the branch at Exeter was closed and a branch at Plymouth was opened in lieu of it for the Government convenience.

7447. Which of those branches had been longest in existence?—The Norwich and the Gloucester branches were the first that were established, and the Gloucester branch was the first that was closed. Exeter was the first one that was really closed, but you can hardly call that being closed because it was transferred to Plymouth.

7448. Was the Exeter branch closed in consequence of its not paying its expenses, or because it was more convenient that it should be transferred to Plymouth?—I do not suppose that it paid its expenses, or that Plymouth does now pay its expenses. I know that the branch is kept up more for the Government convenience than for any profit which accrues from it to the Bank of England.

7449. Do you know whether it ever paid its expenses at any time?—I do not think that it did.

7450. To take the case of Gloucester, how long had that branch been established?—The Gloucester branch was established in 1826, and closed in 1849.

7451. Had it ever paid its expenses as a separate branch?—No, I do not think that it ever had.

7452. Are there any cases amongst those that you say have been abandoned, in which the branch had begun by paying its expenses, and had subsequently failed to do so, having become less profitable?—Swansea had never paid its expenses. Leicester did so formerly to a certain extent, but latterly it did not pay its expenses, and the Bank closed it about three years ago.

7453. Should you say that there is any tendency in the branches of the Bank of England generally to become less profitable than they were?—The branches of the Bank of England are more suited to the wants of the towns in the great centres of industry, such as Manchester, Liverpool, Birmingham, Hull, Leeds, and Newcastle. In those towns they have a very fair amount of general banking business, besides being a great convenience to those districts as channels for the supply of bank notes and for the transmission of coin to and from the Bank of England in London.

7454. But supposing that the provincial issues were put an end to, and that the Bank of England were called upon to supply their place, it must do so by means of branch banks, must it not?—Not necessarily.

7455. How would you propose that it should supply the circulation?—It would be supplied from London.

7456. Through the local banks?—Through the local banks.

7457. You do to a considerable extent carry on business through the local banks, do you not?—Very largely, principally through their London agents.

7458. Then, in fact, the question of maintaining branches of the Bank of England is a question independent altogether of the maintenance or absorption of the country issues?—Yes, I consider so.

7459. How would you propose that the notes of the Bank of England should be cashed if you had no branches throughout the country?—They would never be required to be cashed, except for convenience; Liverpool is the only place where any large amount of notes could be returned upon the Bank for gold, and even there it is not found that there is any great requirement, and that is the only place where there could be. The others are mere questions of the supply of and the demand for coin, which certainly could be met by the ordinary arrangements.

7460. What facilities are given by the branch banks of the Bank of England for the exchange of notes issued at other branches, or in London?—Every note that is issued from a branch is paid in cash, and everything that is required for the convenience of the customers of the Bank is also done as far as courtesy is concerned. The Bank could never accept a legal liability to pay at any branch its notes issued at other branches; that would be quite impossible. As a rule, the public are accommodated with any moderate amount of coin that they require.

7461. A man happening to have £10 or £20 in Bank of England notes, issued in London, would be pretty sure to get them exchanged at the branch bank wherever it might be?—Yes, I think so; certainly.

7462. Without charge or with a charge?—Without charge.

7463. Even if he were not a customer?—Even if he were not a customer, if he was known and properly introduced. We should not cash notes for strangers without an introduction, because the notes which they offered might be stolen, or improperly obtained.

7470. Can you state how far the provincial banks of issue come in competition with your branches?—They do not compete really with us in any essential way. The advantages offered by the Bank of England are peculiar to the Bank of England from the nature of its credit. Of course the provincial banks and the private banks give greater facilities to their customers than we do, especially in allowing interest on deposits, which the Bank of England does not allow.

7478. Can you draw any distinction between the position of the Scotch and Irish banks and that of the Colonial banks, or of the Indian and other banks which have establishments in London?—The Indian establishments which call themselves banks (though they are not banks at all) are formed more for the purpose of carrying on mercantile and exchange business than banking business, and their position cannot be considered in any way analogous to that of the Scotch and Irish banks; I do not believe that any of them issue to any important extent, and certainly not in India; the Oriental Bank, I believe, has a small issue in Ceylon and Australia, and a bank called the Hong Kong and Shanghai Bank, I believe, has a small circulation in China; but I do not think that those

establishments are to be in any way considered as analogous to banks like the Scotch banks and the Irish banks.

7480. But do you consider that the banks suffer materially in the conduct of their banking business from the restrictions which are imposed upon them upon account of their having this right of issue?—No doubt, London being the great centre and emporium of trade, it must be a great advantage to a bank having an extensive business to have an establishment in London.

7481. With regard to the other restrictions imposed upon them, of private banks not being allowed to convert themselves into joint-stock companies, or to extend the number of their partners, and whatever other restrictions there are, do you consider that those interfere with the management of their banking business?—So far as they do, I should not alter them.

7482. To turn to another point; a certain proportion of the issues in Scotland and Ireland is authorised issue, but beyond that the banks have the right to issue as much as they please against gold; what is the system under which gold is now periodically sent to and returned from Scotland in order to support the increased issue from time to time?—The transmission of gold from London to Edinburgh in the months of May and November as the basis of the increased issues which are then required from the Scotch banks for the purpose of what are, I believe, styled the “term payments,” is managed entirely by those establishments. The amount varies from £300,000 to £500,000, according, I conclude, to the amount of coin which may happen to be in Scotland at the time. The effect upon the money market is, in ordinary times, quite imperceptible; for the amount is returned to, as regularly as it is taken from, London, and frequently in, the same boxes. Occasions might and do arise when, the reserve of the bank being low, as the consequence of an adverse state of the exchanges, the sudden withdrawal of £500,000 of bullion is attended with inconvenience, but is not likely to have any important effect upon the money market.

7483. Turning from the periodical action against which, of course, you are able to make proper provision, are you aware that it is sometimes been found that at moments of pressure inconvenience has resulted from the necessity of suddenly sending down considerable amounts of gold to Scotland to support their issues?—I have no recollection of such cases. (*Mr. Hodgson.*) When inconvenience has been found to arise in regard to sending gold to Scotland it has not been from sending down gold to support the issues; but it has been on the two occasions, in 1847 and especially in 1857, of a sudden demand from the Scotch banks on their correspondents here in London to send them down gold to support their existing issues which were then severely threatened. It was a question of crisis, and not of the actual sending down of gold to meet the periodical requirements of every six months.

7484. (*To Mr. Hodgson.*) It was not for the purpose of enabling

the Scotch banks on those occasions to increase their issues, but it was to put them into a safer position with regard to their general banking and issuing business?—Exactly.

7485. Then may we suppose that those remittances of gold were made not only to secure the convertibility of the notes that they had out, but to assist them to meet the demands of their depositors?—Exactly.

7489. (To *Mr. Palmer*.) What is your opinion as to the issue of notes of a smaller value than £5?—I cannot think that any good purpose would be served by returning to the system of issuing £1 notes for circulation in England and Wales. The gold coin circulating in the United Kingdom is estimated by good authorities to be not less than £117,000,000, of which the largest proportion by a very great degree must be circulating in England and Wales. If any important effect is to be produced we must suppose £1 notes to be substituted to the extent of from £40,000,000 to £50,000,000 sterling, and the gold representing it to be transferred to the vaults of the Bank of England. I presume that it would not be contemplated to propose to the Bank of England to bear the cost and risk of the issue, and hence it must be borne by the State. What the risk would be may be estimated by reference to the amount of forgeries existing during the last year before the £1 notes were called in. Anything more inexpedient or unnecessary than to re-issue £1 notes in England I cannot well imagine.

7490. The risk of forgery is very much greater in the case of the smaller notes than in the case of the larger, is it not?—Very much greater; because with regard to the notes of larger denomination, the system that the Bank of England adopts of not re-issuing notes is a very great security both as regards the examination of the notes, and to the public in the tracing of notes. What you may term the average life of a £5 note, is not above 80 days; £1 notes circulating among the poorer classes all through England would, in all probability, remain out for years, and you could not adopt that system of record and tracing that is adopted with the larger denomination of notes; it would be too heavy a business.

7508. Can you give an answer to a question that has been put in this Committee, as to the extent to which the gold, and the securities in the issue department of the Bank of England are earmarked, as security for the notes, and are not liable for any of the other liabilities of the bank?—The Act of Parliament is so clear as to the separation of the issue and banking departments of the Bank of England, and the regulations laid down are so rigidly conformed to, that I cannot myself understand the condition of affairs which would deprive the note-holder of the gold and securities in the issue department. The great bulk of the gold is in the vaults, under keys held by the directors, and what is in the treasury is in cupboards, the keys of which are marked "I." This may be termed earmarking, so far as it is possible to perform such a ceremony.

Mr. Goschen.

7512. Do you consider that it would be an advantage that the provincial banks should give security for their issues?—If from any cause the State finds it impracticable to establish a uniform currency for the United Kingdom, the next best plan is, beyond question, to require Government securities to be deposited for the authorised issue of the private and joint-stock banks; for in such case, their convertibility would be not only an acknowledged obligation, but an assured advantage; you might say approved securities as well as Government securities; there are many things which the Government do not take now might be taken as approved securities.

7513. You would suggest approved securities to the amount of the authorised issue of the bank, or to the amount of the actual issue from time to time?—That would be a matter of negotiation with the Government. The actual issue would, perhaps, be the fairest standard.

7514. That is to say that certain securities would be deposited with the State, upon which the interest or dividend would be paid to the bank that deposited them, but that they could not be withdrawn, except for the purpose of retiring a part of the actual issues of the bank?—That is what I mean.

7515. Do you approve of the system of allowing banks to issue beyond an authorised amount against gold?—I do not see any objection to that.

7516. If that were done, would it not be necessary to earmark that gold in the same way that you say the gold in the issue department of the Bank of England is earmarked as a security for the notes?—The Government will have to take all such precautions as it might deem necessary to secure that result.

7517. But a simple provision that a certain bank was authorised to issue £10,000, and as much more as it held in gold, would not be a sufficient security, would it, that its issues were protected by the gold?—Of course, it would depend upon the faith and the credit of the person who applies for the extra issue; if the Government do not require any specific deposit at a specific point.

7518. It would depend upon where the gold was, would it not?—Yes.

7520. (To *Mr. Hodgson*.) Then a simple provision that a bank might issue any amount as against gold, would be no security for the amount of the issues?—None.

Sir John Lubbock.

7528. (To *Mr. Palmer*.) The non-issuing banks in 1844 and 1845, acquiesced, did they not, in the settlement which was then made, in the full belief that they knew the extent of the privileges which were granted to the banks of issue at that time?—I conclude that they did.

7530. And therefore not only from the point of view of the general interest, but also from that of the desirability of keeping

things as far as possible equal between the different classes of banks, would you not think it undesirable to reopen the settlement of the question which was made in 1844 and 1845?—Certainly, in the direction of giving increased facilities to issuing banks. These are, of course, my individual opinions. I am not talking now as Deputy Governor of the Bank of England.

7534. You can collect cheques upon all parts of England, free of any charge, through the existing banks, can you not?—Yes.

7535. On the other hand, the monopoly which the Scotch banks possess, enables them to make a charge upon the payment of cheques drawn upon themselves, does it not?—Yes; I have understood that they make such a charge.

7542. Then do you think that the English banks offer all reasonable facilities to the trade and commerce of the country?—Yes, I think so, as far as all proper and legitimate banking facilities go.

7548. It has been alleged that one reason which makes it very desirable that the Scotch banks should come to London, is in order that they might have facilities for accepting drafts drawn by foreign and colonial banks, do you think that that is a class of business which it is desirable that issuing banks should undertake?—I should not think that to accept bills from abroad would be ordinary legitimate banking business.

7549. You do not think it desirable, do you, that banks should be very largely under acceptances for foreign correspondents?—I do not.

7550. Of course it is impossible to avoid it altogether in banking, but still you do not think that it is a class of business which it is desirable that bankers should encourage?—That is my view.

Mr. Anderson.

7579. (To *Mr. Hodgson.*) What machinery do you adopt for detecting forgeries?—Our system for many years (and it has been found a very successful one) has been to make the note as simple as possible, to rely largely upon the paper, which is very difficult to make, and to obtain the most perfect uniformity. With that view we have done away with the signature by the pen of our cashier, and the signature is engraved on the plate. Since that has been done, the notes have become so perfectly uniform that our examiners can in one second say if there is the slightest difference even in the breadth of a line in any portion of the note, and that shows it to be false; I think I may say, that at the present time no forged note can pass the examiners at the Bank.

7580. In the case of £1 notes, would there not also be the same means of checking which would tend to keep the thing within very small dimensions?—It would of course enormously increase the amount of notes, and of course we should have enormously to increase our staff of examiners. (*Mr. Palmer.*) There is one point

which you do not seem to consider, and that is the enormous expense of issuing £1 notes, and for what purpose?

7590. What are your other objections to £1 notes?—I have no other objection than that it seems to me to be a very unnecessary charge; I do not see the advantage of it.

7591. Is it not an enormous economy, say, in the matter of interest?—You must deposit gold for them.

7592. Why?—Then your object is to increase the fiduciary issue of the Bank of England?

7593. I do not say what my object is; but I want to know what your objection is?—My objection is, that you have £117,000,000 of gold in circulation, and that if you propose to issue £1 notes, assuming that half that amount is taken in £1 notes by the public, if they accept your view of it, that it is a very great convenience, you then pass all those sovereigns into the vaults of the Bank, and I do not see any great advantage in that.

7594. I do not suppose that there would be any great advantage if there was no increase of fiduciary issue; but what objection have you to such an increase?—Because you impair the convertibility of the note.

7595. Does not that depend upon whether or not you issue in excess of the public wants?—No.

7596. Do you think that any quantity of £1 notes issued in a fiduciary way would impair the convertibility of the present issues?—I think that any increase in the fiduciary issue would *pro tanto* impair the convertibility of the notes, because it would reduce your stock of gold in the country.

7597. What is the advantage of having that stock of gold in the country?—It gives a substantial basis to all your trade and to all the commercial transactions of the country.

7598. Does the gold circulating in the pockets of the people help you in the case of a foreign drain, for instance?—You have got a gold circulation, and you say you want to have paper, instead of gold. I do not see the advantage of it.

7599. The advantage would be a great saving of interest, would it not?—No, not unless you sent the gold abroad, and had nothing but paper.

7600. Suppose that you did that, what would be the result?—It would be a very great disadvantage to the country, in my opinion.

7627. (To Mr. Hodgson.) Do not the reserves which you hold for other banks form an important item in the reserve?—Certainly.

7628. Do they not sometimes constitute the whole of the Bank reserve?—It may be so; but if it is so, it is always in cases where there is distrust relative to the positions of those other banks.

7629. Are not these bankers' balances very much more likely to be drawn out at a moment's notice than the other portion of your reserve?—We know the position of the bankers' balances better than any of our deposits; we know that there is a point below which they

cannot go. We know that above that point everything which a banker has with us must be held ready in our till to meet the demand that he may make upon us.

Mr. Mulholland.

7645. Your circulation has lately increased very much; is it your opinion that the increase is in the notes in the hands of the public or in the reserves in the hands of the bankers?—We have no means of knowing, but my own very strong opinion is that it results from the strengthening of the reserves of bankers arising from events which have taken place lately. I have very little doubt of it, although I have no means of knowing it.

7664. (To Mr. Palmer.) When you spoke of £117,000,000 of gold as being in circulation in Great Britain and Ireland, did you include the stocks in the Bank of England?—Yes; that I believe to be the gold currency of the United Kingdom.

7665. Then, as you hold about £27,000,000 of gold, there would be about £90,000,000 in actual circulation in the hands of the public?—Yes.

7670. But you have no means of distinguishing the special effect upon the £90,000,000 of gold held in circulation in the country of a high rate of interest, or of a period of financial pressure?—No, we have no table that will show that.

7671. Your private deposits have increased very much of late, have they not?—Of late they have.

7672. I suppose that is chiefly an increase in bankers' deposits?—They have largely increased.

7673. Do you not think that it would be a very useful guide to the public to know what proportion of the increase was in bankers' deposits, and what was in other deposits?—I do not think we have any right to publish the bankers' balances, any more than we have a right to publish any other customers' balances.

7679. (To Mr. Hodgson.) Do you not think that it would make a difference in the feeling of the commercial public in many cases, if they knew that the increase of the reserve was only an increase of bankers' deposits?—They would be led very far wrong if they were influenced by that. If the bankers are very full of money the Bank of England is obliged to hold their surplus deposits at their disposal almost at call, but if the bankers want to reduce their balance which is so large, it is for the purpose of employing it in the discounting of bills, or in advances on consols or other securities. By as much as they do that, by so much does the demand on the Bank of England for those advances fall off, and the result of the operation is, that the bankers' balances go down and the Bank of England securities go down *parri passu*; therefore our securities are diminished, and our liabilities are diminished.

7680. But is it not the fact that when it is a reserve from bankers' deposits it is a reserve that has been counted twice, first

by the bank depositing it with you, and then by the Bank of England?—No; I do not see it in that light at all.

Mr. Orr Ewing.

7697. (To *Mr. Palmer.*) Why is it that the Bank of England cannot flourish in the provinces of England?—It flourishes quite sufficiently, but the facilities which private and joint-stock banks give to their customers are more attractive, I suppose, to the public.

7698. You think that the provincial banks are able to give better terms to their customers than the Bank of England?—That is to say they allow interest.

7699. You do not allow interest even in the provinces?—No.

7700. Notwithstanding that fact, you are in favour of abolishing the issues of provincial banks in England, and of establishing a central State Bank of Issue?—I think that would be for the interest of the public.

7701. In what way would it be for the interest of the public?—Simply because you would have a note of the convertibility of which the public was assured, instead of issues as to which they have no such assurance.

7704. But if the provincial public of England were not satisfied that the issues which they received were sound and safe, would they not have taken up your issue?—That has nothing to do with the branches; they might take them from London.

7705. But surely it is necessary to have a bank near you, in order to get notes when you want them?—Not necessarily; they might equally have them from London.

7710. Would you think that it would be in conformity with public policy that such a system should be thrust upon Scotland and Ireland, against the feeling of the nation?—I do not think anything of the kind; I merely said that I thought that it was in the mind of Sir Robert Peel at the time of the passing of the Acts of 1844 and 1845, but that is merely my individual opinion. (*Mr. Hodgson.*) My feeling is that it would never do to thrust anything of that kind upon a nation; the Scotch people like their system, and so far as they like it they may keep it; only I do not want the Scotch people to bring their system into England.

7716. (To *Mr. Palmer.*) You are aware that the banks of Ireland had the privilege conferred upon them at the same time of issuing to an authorised amount of above £6,000,000?—It is about £6,000,000.

7717. And the Bank of England had a similar privilege granted to the extent of £14,000,000, which is now £15,000,000?—Yes; but we only act as agent for the state in that matter.

7718. You had at all events, by the Act, the privilege of issuing without gold £14,000,000, which is now extended to £15,000,000?—The State remunerated the Bank of England for their trouble with regard to the issue, but the real profit, I consider, goes to the

State. (*Mr. Hodgson.*) The whole profit made by the Bank of England on its issue of £14,500,000 or £15,000,000, amounts to something like £90,000 a year.

7730. Your gold is not earmarked is it?—I maintain that it is earmarked, and earmarked in the most positive manner. It is earmarked in this way: that it is put into cupboards which are marked “I” for “Issue;” and it is those which are upstairs in the treasury which are used for the daily services. The keys that open those cupboards have “I” marked upon them, and the keys that open the others have got “B” for Banking marked upon them. The whole thing is kept as distinct as if they were two separate uses, and the keys are in different hands.

7731. Do you never use that gold as long as the notes are out?—Never, by any chance; we should be liable to heavy penalties if we did.

7746. (*To Mr. Palmer.*) Do you consider that the granting of credits by bankers to firms of good position in this country having houses abroad is a legitimate system of conducting banking business?—I think that it is mercantile business more than banking business.

7751. (*To Mr. Hodgson.*) It is the invariable practice with the best houses to insist upon bankers’ bills, is it not?—Yes.

7752. And is it not the case that, in London, all the banks do issue credits and accept bills from foreign houses?—Yes; but the mistake into which they have fallen is that they do not issue credits for their customers only, but they issue credits for almost anybody who goes to them; and you have seen the consequences of that in much that has taken place within the last six months; they accept bills, not only for their own regular customers, but for anybody who is introduced to them.

7753. Who are “they”?—I should not like to mention their names in public, but I should be very willing to tell you their names privately.

7754. Do you mean Scotch banks?—I am speaking now of the banks in London, and of Scotch banks also; I could give you very strong instances, but I do not think that it is either necessary or politic.

7755. After that statement I should like to analyse the fact?—I can give you the names without difficulty; but we have gone very much away from the discussion upon banking, I think.

7756. I would not have introduced this subject, had it not been for a question put by the honourable baronet the Member for Maidstone (similar to one which he put on a former occasion) in answer to which the opinion has been expressed that it was not a sound system of conducting business?—It is not a sound system, except to a very limited extent; it is a mixture of the provinces, the merchant and the banker.

7761. (To Mr. *Palmer*.) Has the Bank of England any objection to Scotch banks having branches in London?—We, as representing the Bank of England, can give no answer to that question. As being the bankers of the Government, we do not express any opinion upon that point.

7762. (To Mr. *Hodgson*.) You have no objections to it; you have not opposed them in any way, have you?—I am not opposed to them. As representing the Bank of England, I have no opinion upon the matter. The mind of the Bank of England upon that point may be said to be a sheet of blank paper. You may ask any of the directors, and, of course, they will give you their own answers.

7763. Are you prepared to say that you have any objections?—No, not as representing the Bank of England.

7764. But as a private individual, have you any opinion upon the subject?—As a private individual, I have my own opinion upon the subject.

7765. What is your own opinion?—My own opinion specially, without the slightest reference to the Bank of England, is that I have no objection to it.

7766. (To Mr. *Palmer*.) Are you of the same opinion as Mr Hodgson?—I think that, so far as the London bankers are concerned, they have rather a grievance in the case. (Mr. *Hodgson*.) There is great difference of opinion about it amongst ourselves.

7770. (To Mr. *Palmer*.) You stated, did you not, that there were £117,000,000 of gold in circulation in England?—That is so, in the opinion of those persons who are most competent to form an opinion.

7782. (To Mr. *Hodgson*.) Was not Mr. Palgrave's calculation that £115,000,000 was the whole of the gold in the country?—Yes, and we say that it is £117,000,000.

Mr. Campbell-Bannerman.

7788. The obstacle to the country banks of issue coming to London in certain instances arises, does it not, from the special privileges of the Bank of England?—It arises from the Act of 1844.

7789. But the legislation even previous to 1844, such as the Act of 1833, was designed to protect certain privileges on the part of the Bank of England, was it not?—Yes.

7790. (To Mr. *Palmer*.) Do you consider that those privileges exist at all in Scotland; has the Bank of England any privileges in Scotland?—None that I am aware of.

7791. So that if that is the reason which prevents English provincial banks of issue from coming to London, that reason does not exist at all in the case of the Scotch banks?—That is the whole question; it is not so much a question of the privileges of the Bank of England as a question of the Acts of 1844 and 1845.

7792. (To Mr. *Hodgson*.) Is there anything connected with the privileges of the Bank of England which is an obstacle in the way

of the French banks meeting in London?—Nothing whatever; but we give no opinion whatever as to whether there should be or not; the Bank of England has declined to give an opinion upon the expediency or otherwise of the French banks meeting in London.

1871. To Mr. Palmer: I think you will also say would not the existing restrictions upon banks of issue in England be better to draw them, if possible, into the reconstruction of their notes?—As a matter of public policy, I would not remove any disability unless there was good reason.

1871. Will a time of greatly compelling need be given up, shall we say?—Yes, if that can be obtained in the U. I think that it would be an advantage to the public.

1871. Would that time of need apply to the French banks?—I think that it would be a great advantage to the United Kingdom that all the notes which the public are obliged to take should be secured and convertible. (Mr. Hodgson.) If the French banks were to be treated as the English banks and currency are restricted, we should appear still more ridiculous than that restriction put as we do in the case of the English banks.

Mr. Estlin.

1871. You will find that you would always speak upon the banks and not allowing their currency to be a certain point; you will speak upon that in time of need?—What I am obliged to say must come a period, but in time of need the banks must work with great power in the hands of the public. In time of need the time of the public which they will go down with as in the time of the banks' liquidation.

Mr. Howard.

1871. To Mr. Palmer: I understand you to say that on the ground of public policy you would recommend that the State should abstain of support of private issues?—I think that it is very desirable that all the issues should be upon the same basis upon which the Bank of England have it now.

1871. Is that because you think that the private issues are not safe?—Because they are not of the same convertible character as the Bank of England have it.

1871. That is to say, that they are not so easily changed?—There is no difference security for the private issues as there is for the Bank of England have.

1871. Are they not so safe?—That cannot be considered to be so safe; they are not safe from the good management of the currency, but they cannot be immediately so good as the notes which have specific gold and securities deposited for it.

1871. To Mr. Hodgson: Then your opinion is that the public does not need to draw issues?—My own private opinion is that the

right of working paper money is as essentially an attribute of the State as the right of making metallic money; and I think that the issuing of paper money should be just as much the prerogative of the Government as the issuing of coin from the Mint.

7826. Do you not think that the public would suffer great inconvenience by the suppression of all private issues?—Of course the word “suppression” would intimate that whatever was to be done was to be done immediately; but if any such step is taken, it must be done with great delicacy, and with the utmost care for the feelings of the people.

7827. Would you prefer the word “absorption” to “suppression”?—That is a milder term. I take it that if the private issues were absorbed very gently, and were well digested, it would be a good thing for the public.

Mr. Backhouse.

7842. (To *Mr. Palmer.*) With regard to Bank of England notes, where there is no branch of the Bank of England in a district, it is a matter of courtesy among the existing banks to give the holder of Bank of England notes cash for them, is it not?—I believe it is.

7843. In the case either of a State issue, or of an issue by one bank, it would be absolutely necessary to make arrangements throughout the country to insure the convertibility of the notes, would it not?—I have never found any inconvenience up to the present time. The general character of the trade of the district has been met by the general law of supply and demand.

7844. (To *Mr. Hodgson.*) That is practically from the assistance which they receive from the banks throughout the whole country using your notes, and being willing to give the accommodation that is required?—The fact is that the public want to change Bank of England notes, and you want to get them. (To *Mr. Palmer.*) Wherever the note is legal tender the requirements for gold are not so great.

7856. (To *Mr. Palmer.*) Have you found that during the months of October and November, or April and May, there has been a tendency in the rate steadily to increase?—There has been no regular tendency in the direction of an increase of the rate in the spring; but there has been in the months of October, November and December, because it is just at that time of the year that there is a greater demand upon the circulation for England for the harvest and for travelling purposes.

Mr. Sampson Lloyd.

7874. (To *Mr. Hodgson.*) With regard to the questions of the honourable Member for Glasgow, as to the balances of London bankers, I presume that the Bank of England holds the cash reserves of all the London bankers?—Yes.

7875. I notice by Table D, before me, that in 1844 the balances of the London bankers were equal to about 10 per cent. of the total reserve of the Bank of England, whereas in 1866 they averaged 94 per cent. of that reserve, and in 1872 they had as much as 62 per cent. I presume that it shows that the bankers' balances are now probably larger than they were of old, in proportion to their business?—Yes, much larger.

7876. But I observe from the same table, that the Bank of England reserve is somewhat smaller in proportion to its liabilities than of old, because in the years 1846 to 1854 the average proportion of reserve to liabilities was 51 per cent., while in the years 1864 to 1872 it was 42 per cent.; I presume that the balances of London bankers are included in the Bank of England published returns amongst the private deposits, are they not?—Yes.

7878. I perceive by the same tables that there have been several times in which the reserve of the Bank of England has been even less than the total balances of the London banks which it had at the moment?—Yes, but I have tried to explain that; in my view the bankers' balances are the safest and easiest to deal with of any; up to a certain point they must remain there, and above a certain point they must be dealt with as being held at call.

7880. Still the fact remains that the Bank reserve has been several times less than the London bankers' balances that it had to meet?—Our reserve is less than our deposits, but our bankers' deposits, and our other customers' deposits, are very much of the same kind; if any account grows up into a bloated state, we know perfectly well that it will not remain in that state, and we look upon it as money to be held at call.

7884. There is no doubt that bankers like to make the Bank of England a convenient centre for their reserves, but does not that to some extent lead the public to have a somewhat undue idea of the reserve which is practically available for the Bank of England's own business, and does it not also concentrate into one focus the demand for money?—The Bank of England holds, as it has held for many months, now, from 40 to 42 per cent. of its liabilities. I do not think it matters very much how its deposits are distributed.

Mr. Goschen.

7887. (To Mr. Palmer.) With regard to the Bank of England note being legal tender, is a Bank of England note payable at Manchester legal tender at Liverpool?—It is legal tender to the public, though you cannot demand coin for it.

7894. Therefore the need for changing notes would be less, would it not, in the case of a Bank of England note than in the case of a provincial note; the Bank of England note being legal tender to the amount of £5 and upwards, and the provincial note not being legal tender at all?—That is the case.

7895. Therefore, though there may be a difficulty in changing a Bank of England £5 note, when you want to pay a smaller sum than £5, the difficulty that you might have in changing provincial notes for gold would not arise in the case of Bank of England notes?—No.

7899. (To Mr. *Hodgson*). As a matter of policy, are the unsecured notes generally so practically safe that you would not think it advisable to strengthen their safety by a system of depositing securities for them?—If I cannot get the provincial notes brought under the same arrangement as the Bank of England notes, then the next best thing I can do is to get the notes of the provincial banks secured by approved securities, and ear-marked in such a way as may be possible.

7900. And although you are of opinion that the private issues are generally safe, you consider that would be a proper line of policy on the part of the State to pursue?—Most decidedly; the State has pursued a certain line of policy towards the Bank of England which is absolutely safe, and I do not see why the same line should not be pursued towards those who are what I may call only comparatively safe.

7902. With regard to the deposit of gold for the extra issue of notes in Scotland, do you consider that that is of value as it is conducted at present?—Not much.

7903. Do you see any positive harm in it?—No, I do not see any harm in it. I think that it causes a larger proportion of gold to the whole liabilities to be held than would be held without it, but I do not see that that is in any way a security for the notes that are issued.

7904. Is that delusive to any extent as giving rise to the phrase, that the bank notes are issued upon the security of gold?—I think it is.

7905. And so far as it is delusive, is it not questionable?—Yes, I think it is. I think the same rule should be followed as we follow in the Bank of England, of ear-marking the gold.

7906. With regard to the Scotch issues upon gold, is not the phrase “issued upon gold,” really a fallacious and delusive phrase?—You must have the gold before you can issue the notes, but the gold does not remain attached to the notes in any way, **and therefore**, so far the notes are not issued on gold in the same way as the Bank of England notes are issued upon the gold in our vaults, because those two can never be separated; the notes and the gold must remain together.

7913. Is there at different times of the year a pressure upon the London market in consequence of the Scotch banks requiring more gold?—Only at the terms of May and November.

7914. And in times of crises do the Scotch banks know that they have got the Bank of England to fall back upon in the same way as the London bankers have?—No, they do not know it; but they are

at the same time so well convinced of the great importance to the London market and to the London bankers that they should not be allowed to come to grief, that they used very largely that power in the crisis of 1857, when the Scotch banks were really hard pressed.

7915. When they were hard pressed did they influence the reserve of the Bank of England?—Very largely, and at a most unfavourable moment.

7916. Is that a contingency which you, as prudent managers of the affairs of the bank, must contemplate?—You will observe that it is a contingency that does not come within the ordinary rules of our business; it is arrived at by extraordinary methods. The Scotch banks apply to the Bank of England by extraordinary ways, and not at all in the ordinary way of business. That being the case, we must take into consideration that whenever we see great trouble in our own house it is likely that there will be fire in our neighbour's as well. We must consider that what has come twice since 1847 may come again; but none of the Scotch banks have anything like the prescriptive right which the London bankers have to come to the Bank of England for their wants.

7918. Supposing that the Bank of England gold were not more or less at the disposal under pressure of the Scotch banks, would it be necessary for the Scotch banks themselves to keep more gold?—Certainly it would. At the same time I must say that this difficulty has only arisen twice in about 30 years, and, therefore, though it is a contingency, it is not a contingency which is always before our eyes. I think it would be a very much better thing if the Scotch banks did keep more gold; but the Scotch are very good bankers, and they do not like to see money lying idle. That I believe to be at the bottom of the whole question.

7919. That is just my point; does not the fact of their keeping so little gold idle heighten in great crises the difficulty of the Bank of England, which must then pay the penalty for the Scotch banks holding so little gold?—No doubt, and it always comes at the high-water mark of the tide.

7931. If £1 notes were to be issued they would be issued, would they not, either against gold or as increasing the fiduciary issues of the country?—I would oppose in every possible way any increase of the issues. If £1 notes are to be issued they ought to be issued only as a simple matter of convenience, so as to avoid that abrasion of which we are told. I would not issue a single £1 note in excess of the present paper circulation.

7934. With regard to the Bank of England absorbing the private issues of the country, you said that the bank had no pecuniary interest in the absorption, and I thought you rather accentuated the word "pecuniary," indicating that you had other interests in the absorption?—Probably I meant the public interest, having a very strong feeling upon the subject myself. I rejoice to see any

bank giving up its issue and taking its notes from us, as the National Provincial Bank did; but we ourselves, *qua* bankers, have no object in that being done. I believe the whole of the Bank of England, almost to a man, believe that the whole circulation of the country would be better in the hands of the State, than now.

7935. You mean, therefore, that you, as bankers, have no pecuniary interest in it?—As bankers we have no pecuniary interest in it, but as a matter of good government, I should wish to see it. (*Mr. Palmer.*) I suppose Mr. Hodgson would also mean that it diminishes the demand upon the Bank of England in times of panic by the notes that are taken down to protect the provincial issues.

7936. (*To Mr. Hodgson.*) May I take it that in bad times if there were a State issue, a sudden pressure upon the bank would not be felt so much as it is under existing arrangements?—I think it would depend a good deal upon what was the nature of the crisis. The crisis of 1866 was no doubt immensely aggravated by the fact that there were issuing bankers; but the crises of 1847 and 1857 were very little affected by it, because there was no run upon the issuing bankers. In 1866 the idea of the public was that the issuing bankers, and country bankers generally, had lost very heavily by the failure of Overend, Gurney & Co.

7937. Then in 1847 and 1857 the Scotch issuing banks came upon you for supplies of gold, and in 1866 the English issuing banks came upon you for a supply of gold?—Yes; the English issuing banks of course wanted notes, which were the same thing to them as gold.

7938. And in each of those three crises, the fact of there being this private circulation undoubtedly aggravated the intensity of the crisis?—Yes; it undoubtedly aggravated all three of the crises.

Mr. Orr Ewing.

7949. How much gold did you send to Scotland in 1857?—It was something like £1,500,000 in 1857; the amount in 1847 I cannot recollect.

7950. Have you no document that will show it?—No, I do not walk about with those things in my pockets; the pressure of 1847 came in a different way; it came in a demand from the Western Bank of Scotland for help and assistance in discounting bills, and that assistance was given to it, and the Western Bank of Scotland went on; the most remarkable thing, as a matter of history, is that every bank that was helped by the Bank of England in 1847, both in England and in Scotland, came to the ground in 1857.

7951. There was only one in Scotland, was there?—Was there not another one, a little one?

7952. The City of Glasgow Bank suspended for a week or two; but I think that if you will recall your memory, you will find that the amount of gold sent to Scotland in 1847 was very small?—I believe it was very small.

7953. And, therefore, it was not a very great pressure upon the Bank of England at that time?—Yes, it was; the amount was not very large, but it came at the end of a very long and serious pressure; it is the last straw that breaks the camel's back, and it was the Western Bank of Scotland, and the Northumberland and Durham District Bank, that compelled the suspension of the Act of 1844.

7954. Do you think that the banks in Scotland are not entitled to have the same privileges in relation to the Bank of England as banks in other portions of the empire?—No, I think you have no title to them at all; so far as regards banking, the Bill of 1845, which gave you great privileges, made you a foreign country.

7955. Supposing that we have securities in England which we dispose of, and come to you in a legitimate way to get gold for them?—The only legitimate way in which you can come to us in a crisis is with bank notes in your hand, and then we will give you as much gold as you have in bank notes; but in this case you could not dispose of those securities, and you came to the Bank of England, especially in 1857, and you brought masses of bills to discount. Those bills were discounted, the notes were taken out of our till, you went to our issue department, you cancelled the notes, and you took our sovereigns away to Scotland, and we were compelled to suspend the Act of 1844. We could have refused you, but supposing we had refused you!

Mr. Anderson.

7956. If it had not been a good transaction for yourselves you would not have done it, would you?—That is your mistake. You came at the very moment when everybody on all sides was driving at us, and your taking that gold from us broke our backs.

Mr. Orr Ewing.

7957. Supposing that the banks in Scotland had wished for this money, could they not have come to you without those bills, and got gold?—No, they could not sell their consols. Consols were, to my positive knowledge, unsaleable for notes, and it was notes that you wanted. You could have sold any amount of consols for the account fifteen days off, but you could not sell consols for notes. That I assert positively.

Sir John Lubbock.

7963. In 1857, I think, the London bankers had £5,000,000 at the Bank of England?—There was never any doubt about the London bankers, and I do not imagine that the question of the honourable member for Downpatrick applies to the London bankers. The English provincial banks which pressed us at that time were doing the same class of business as the Western Bank of Scotland; they were such banks as the Royal Bank of Liverpool, the Borough Bank of Liverpool, and the Northumberland and Durham District Bank.

THURSDAY, 22ND JULY, 1875.

Mr. WALTER BAGEHOT, called in, and Examined.

Chairman.

7964. I think you are a Director of Stuckey's Bank?—I am.

7965. And you have also, as we are aware, turned your attention greatly to the subject of banking, and have written various articles, and also a book upon the subject, of great value. Are you acquainted with the evidence which has been given before this Committee as to the present legal position of the Scotch banks in England, and have you any suggestion to make with regard to it?—I cannot say that I have read the whole of the evidence which has been given before this Committee, but I have read a great deal of it with great care; the result of it seems to me to be (if I may offer a suggestion) that the question should be tried at law; Mr. Fitzjames Stephen has given evidence that the position of the Scotch banks in England is at present illegal, and, if I understand him correctly, Sir Henry Thring (to some extent) follows him; supposing them to be right, the Bill brought in by Mr. Goschen, which is the primary subject, if I am rightly informed, referred to this Committee, would be unnecessary; I would therefore humbly suggest that this Committee might ask the Government to have the question tried in some way.

7966. That is, with regard to the legal position of the question; I should like to ask you also what your opinion is as to the policy of the question. Do you consider that it is desirable that there should be one single system of banking applied to the whole of the United Kingdom, or that there should be distinctions between the banking systems and the privileges given to bankers in different portions of the United Kingdom?—I should certainly think it desirable, if we were starting *de novo*, that there should be one uniform system. Probably there would hardly be two opinions about it. If we were commencing in a new world, all banks, I suppose, should be put upon an equality, but I do not know how far that would be exactly possible under the present state of things. The Scotch system, and also the Irish system, are so extremely different from anything that prevails in England, that it would require almost a revolution to reduce them to an English level, or to raise us to the Scotch and Irish level, and I hardly know how it could be done.

7967. I suppose we may take it for granted that no system of banking was ever created in any country brand new, introduced into it ready made, so to speak, unless, perhaps, into some colony, but that it has rather grown up by degrees, and that the development of any system in one country is likely to have been somewhat

different from what it might be in another country?—No doubt. It all depends upon historical considerations. Credit is “the historical element of political economy;” the opinion people form of one another, which is the basis of banking, necessarily depends upon historical considerations, and it cannot be changed with the same facility with which you can change any ordinary element in mercantile business.

7968. So that we may consider that it is the case that in Scotland a system of banking has grown up which differs in some important particulars from the system in England?—Yes.

7969. Especially with regard to the principle of issue and the extent to which paper money of the smaller denominations is in demand?—Not only has it naturally grown up in a different form, but it must be remembered that it has also grown up under a different law from the beginning. The English system was, I should venture to say, almost spoiled; I do not say for the real benefit, but for the supposed benefit, of the Bank of England. The law did not give the Bank of England the monopoly of issue, which might have been defensible upon principle, but it gave it a partial monopoly; it said that no combination of persons more than six in number should issue notes, but it allowed any number of persons less than six to do so. That made the Bank of England, as far as possible, the only strong bank in the country, but it allowed a great many small banks to grow up. This law did not extend to Scotland.

7970. If you were now attempting to apply one system to the whole of the country, do you think that the Scotch system would be one which would work well?—Not only are there differences between the English system and the Scotch system as to note issue, but there are differences as to the rate of interest and as to charges. As to banking only, as apart from issue, I do not myself think that it is reasonable that there should be one single and uniform system of banking (using the word banking in the strictest sense) through a large country like England. A single and uniform system appears to have grown up in Scotland, which may be right there; but I do not think that it is at all natural or reasonable that there should be one system in such a county as Somersetshire, and exactly the same system in Lancashire; Somersetshire is an accumulating district where we have more money than we can employ, and Lancashire is a great employing and borrowing district where they have less money than they can employ; and, therefore, it is reasonable that in Lancashire the banks should offer more for money, and also that they should charge higher rates for money than we do in Somersetshire. The notion of having one uniform rate pervading England appears to me to be unwise, and I should be sorry to see it introduced. If you ask me whether the Scotch system would be universally applicable in England, I should answer that question by seeing how

it would be applied to the Bank of England; I should think that there it would produce some very dangerous results. Owing to a most curious sequence of historical events the Bank of England holds in its banking department the cash reserve for the whole of the banks of the country. If you applied to the banking department of the Bank of England the Scotch system of giving interest on running accounts, I do not think that the Bank of England would be able to keep so large a reserve as we should all wish it to keep, and as it is necessary for the Scotch system that it should keep; I should, therefore, contend that the Scotch system was not universally applicable to the whole country. Of course, I am not saying that that is a reason why it should be kept out by law, but I think that if it were fairly tried it would be found to be unfit in certain cases.

7971. With regard to questions which are of a purely banking character, such as the question of the rate of interest that should be given, or whether interest should be allowed upon running accounts, and so forth, those are matters with which this Committee have nothing to do; we have to consider rather the bearing of the restrictions imposed upon banks in consideration of their having privileges of issue: do you think that it would be right to put all banks throughout the United Kingdom on the same footing with regard to the privilege of issue?—Of course there are certain banks which have inherited the privilege of issue, and certain others which have not, and, as far as England is concerned, I am not aware what object would be attained by depriving of that privilege those banks which already possess it. I admit that if you started *de novo*, no one would think of establishing differences between one bank and another; but nothing in England has grown up according to mathematical regularity, or is it usually at all like what anybody would make now; and it is the general course of English legislation not to abolish anything which you can find to be doing good, and which you do not see to be doing harm; or if you find it to be doing harm, to try to mitigate that harm rather than to abolish the thing itself without consideration, subject to the risk that the good which it was doing would no longer be done.

7972. If we acted upon that principle, of leaving alone everything that is not doing harm, do you conceive that there would be any case for interference with the legal position of the Scotch banks, whatever that legal position may be, in respect of their right of coming to England?—With respect to the banks in the north of England, it does appear to me to be rather a hard case. The Scotch banks have acquired, in a way which has been explained to this Committee at great length, a very great power. There are fewer banks in Scotland now than there were in 1845, when the present system was created; they have in that way become very great, and they have been fostered by the law; and in competition with the north country banks, which have not been so fostered, they would

have a great advantage. With respect to the south of England, the Scotch banks may come to Somersetshire as soon as they like. I hope I shall not say anything offensive, but I do not think they would get any credit in Somersetshire; they would not be known sufficiently, and it would be very long before they would be able to get much money there.

7976. What distinction can you lay down between the advantage which, let us say, the Clydesdale Bank has over the Cumberland Union Bank and that which Stuckey's Bank, with the right of issue, has over any neighbouring joint-stock bank which has not a right of issue?—It is only a question of degree; the advantage of the English issuers is but a small one in comparison to that of the Scotch; in all economical and political things I should submit that questions of magnitude and intensity are of vital importance; the question very often is, not what colour a thing is, but what shade of colour.

7977. Some evidence has been given before this Committee by gentlemen who have appeared on behalf of the Scotch banks, to the effect that the system of banking in Scotland is very much more advantageous to the public than the system of banking in England, and that opinion has been supported by calculations founded upon the returns which are published in the annual *resumé* of the "Economist" newspaper. What bearing do you consider that the accounts published in the "Economist" newspaper has upon this question?—I have seen the calculation which has been put in by Mr. Gairdner; it is founded on the principle that you should test a system of banking by the percentage which it pays on its cash deposits; and he refers to a table of such percentages calculated in a certain way (with which I need not trouble the Committee), which was given in the "Economist," in the case of the London banks, and in the case of the Scotch banks. But I wish to observe to the Committee that any calculation founded upon cash deposits will produce very safe results when you are comparing banks in which the cash deposits are the main means of making profit, but that it will produce very unsafe results if you apply it to banks in which those cash deposits are not the great source of income, but in which their income is derived from other means. It is very obvious that in the case of a bank doing an exchange business, as so many Indian banks do, if you applied the test of cash deposit there, you might bring out very absurd results, because the profit is not produced by the cash deposits. Still more, if you applied the test of cash deposits to such banks as the Anglo-Austrian Bank, which have hardly any deposits at all, but which are banks employing their own capital in developing the resources of foreign countries, you would arrive at what may fairly be termed nonsense; no table constructed in that way will present any real facts at all. With respect to the case of the banks to which it has been applied

before this Committee, I think that that doctrine to some extent applies, because we know that many banks in the north of England charge a high commission, which is a separate and distinct source of profit from the interest upon cash deposits, and also that they re-discount very largely. I do not know as to any particular banks in existence, because it is not disclosed in the published accounts; but I will take the case of the Borough Bank of Liverpool. At the time of its failure, it had £1,000,000 of deposits in round numbers, and £3,500,000 of bills re-discounted, and a short time before I believe it had £5,000,000. It is obvious that when you have a great source of profit like re-discount, no calculation founded on cash deposits can produce any sound results at all. The test of cash deposits applies when the cash deposits are the main means of making profit to the bank, but not in any other case.

7978. You think that the inference which was drawn by Mr. Gairdner, that if the Scottish system were introduced into England, the people of provincial England would gain about £1,000,000 a year, is a fallacious inference?—I think that it is quite a fallacious inference, because the test of cash deposits does not apply to the banks that re-discount. My own notion is (I may be quite wrong), that if the Scotch banks came into the north of England, which is a great employing district, they would be obliged to re-discount; they could not carry on business otherwise; and when they began to re-discount the test would fail them, and that calculation would be altogether disturbed.

7980. You would not think it desirable either to take away the right of issue from those banks which now have it, or to extend the right of issue to those banks which have it not?—As a political economist, I should be rather in favour of extending it, upon security to all banks. In theory, what I should lay down would be this: that you ought, with respect to a note like the Bank of England note, which the Government makes legal tender, to take the utmost care that it should be convertible instantaneously, and with absolute certainty. Unless that is done, the whole exchange business of the country will be destroyed. It is absolutely necessary that if a man draws a bill in England for £5,000, he shall know what he would get for the £5,000, that he shall not be put off with any paper, but that he shall know that he can get 5,000 sovereigns quite certainly, without a fraction of difference. If there is the slightest difference between the legal tender and the sovereign, he cannot, of course, be so sure. But with respect to anything which is not legal tender, I myself think, as a political economist, that it would be quite sufficient if something like the system which prevails in America were adopted, and if banks were allowed to deposit stock, and possibly a proportion of coin or bullion, as a security for their issues. Supposing that the question were open for theoretical discussion, I should propose that.

7982. You would think it a misfortune if the provincial issues were altogether absorbed into a national system of issue?—I should think so. I am prepared to show, I think, that the banks at present do a certain work which will not be done if they are abolished, and that the public will be put to a certain amount of inconvenience. I am not prepared to say of ruinous inconvenience to the whole nation, but to a great amount of inconvenience to small persons.

7983. Will you explain in what way you think that it would be an inconvenience?—I do not know that I can do that better than by summarising a paper which I drew up for Mr. Seebohm in answer to some inquiries which he made of me as to our practice in Somersetshire. I should say that the business which I am going to speak of must not be hardly judged because it is minute; its minuteness is exactly what constitutes its importance, because those minute transactions are very numerous, and because they affect very small persons. The mode in which the country issues are of use to the public in Somersetshire is this: there are there a very large number of dairymen and other small holders of land, who sell their produce to dealers in London, and in the large towns; they are paid by cheques on those towns, for which the country banker gives his own notes to them without charge. If you abolished the country bank-note circulation, all that would be taxed; all that petty dealing would immediately be subject to a kind of impost; and supposing that the Bank of England were to attempt to do that sort of business, they would have to establish banks all over the country to do it. Then again, there is a still poorer class of people who deal in willows and osiers in the poorest parts of the country; they sell the produce of their labour to "withy merchants," as we call them; they receive the cheque of the withy merchant, who lives, perhaps, at a distance; we cash that cheque without the slightest charge, and they take home our own notes. It is in that way that the notes are issued. But we should, of course, not do that without a considerable charge, supposing that the issue was taken away from us. Small farmers, stock dealers, and butchers, and all those kind of people, in a way which it is impossible completely to understand unless you stand by a bank counter, receive facilities of a small kind.

7984. Why could you not give those same facilities if you had not the right of issue?—We should have no motive. The motive from which we do it is to obtain the circulation of the district; we wish to issue our own notes; we wish that our notes should be the money of the district; therefore it pays us to issue the notes, say to a small farmer, because he will keep those notes, which will be a source of profit to us. But if we had to find Bank of England notes for it, of course we should charge him a considerable sum.

7985. Supposing that your right of issue were bought up, and that you had received compensation for it, should you from that time cease to give the facilities which you now give?—Of course

that might depend upon the amount of compensation. If Parliament took this into the account, and gave us liberal terms, on the understanding that we should not cease to afford this accommodation, then of course we should not cease to do it; but if Parliament, without consideration of the interests of the public, bought it up, of course we must cease to do it.

7986. What possible hold could Parliament have upon you, after you had received any compensation, that you would do that which in itself would be unprofitable?—I am not aware what hold Parliament would have upon us. Parliament, I suppose, could revoke the compensation if it was granted, on the condition that we were to do all this business; but, at the same time, I fairly own that this business is one of great detail, and that you would have to rely to a great extent upon the moral feeling which we might be supposed to have.

7987. If I understand you rightly you make advances, or you give facilities upon easier terms to very small people, than you would do if you had not the right of issue, and if you had not that right of issue it would be a losing concern to you to give those facilities. If you had received 10 times the value of your issue once for all, I presume that you would still, after a time, desire to conduct your business in what would be the most profitable way to you, and that it would be impossible for Parliament to say, you ought to have done this or that with regard to this particular cowkeeper or withy binder?—Of course it would be difficult, and, therefore, I think it is for the consideration of Parliament whether, by abolishing the country issues, it would be advisable to injure the public in this way.

7988. Do you suppose that those parts of the country where there are no banks of issue have not that facility?—Yes, I am quite certain that they have not in the same degree. I think that is a matter of reason, because a banker has a great object in securing the circulation of his district. If you will allow me, I should like to give an instance that occurred in Somersetshire the other day. There is a small town called Wedmore, which is in the middle of Somersetshire, in the marshes. We wished to secure the circulation of that part of the country and we opened an agency there, and we afford facilities to the public. It would not have been worth our while to open that agency from any other motive than to secure the circulation of that district, nor would it have been worth anybody else's while to do it except with that object.

7989. Then, according to that view, it would be for the advantage of England to take measures for considerably extending the local circulation, and the rights of provincial banks to circulate notes?—Yes, that argument would apply, and I should be prepared to contend that, as a political economist, whether in the existing state of opinion any such scheme as I stated before is practically

possible I do not know, but it appears to me to be abstractedly sound.

7990. Do you think that bankers would be willing to deposit securities to the full extent of their issues?—That is a question that I should hardly like to answer. I think that a great many would not, and a great many would. My impression is that the larger ones would, and that the smaller ones would not; but, of course, that is merely an impression.

7991. Do you suppose that the smaller ones would prefer to surrender their issues rather than to deposit securities for them?—I should think that they would be unwilling to give security, but that is merely my impression.

7992. Upon what grounds; upon the ground of expense?—They would think that it would not be worth their while. The expense would be very considerable to a bank with a small issue. If you deposit securities the profit is at once diminished. I believe the Scotch witnesses have given evidence to the effect that the benefit of circulation arises not only from that which is issued, but from that which lies in the till unissued. Now, supposing that there was a limit to their issues, and you took the present country bankers whose issue is limited, they would be only allowed to give security for their authorised issue, which they could not exceed, and therefore they would be at once deprived of the profit of anything beyond that.

7993. But I think in the suggestion that you made a little while ago, you did not contemplate any limit of authorised issue, did you?—I thought you were asking me with respect to the present state of things, and not as to the plan which I proposed. I really hardly know what bankers would think of such a plan as I propose, because I own that I do not think it is one that would be very popular in the present state of society either with bankers or with other persons. It is a plan which I myself as a political economist should defend, but I think it would be very likely not to be popular with the bankers or anybody else.

7994. Supposing that the State were to say: We will require all bankers issuing notes to deposit securities for the amount of notes which they issue, and we will allow all bankers who choose to comply with that condition to issue as much as they please, provided that they deposit ample securities; and we will take off all restrictions as to their coming to London, or as to the amalgamation of banks or any other restrictions; what ground of complaint do you think any banker could have?—I do not think that there would be any ground of complaint on the part of any banker; I see no ground upon which any banker could complain.

7995. Upon that hypothesis a certain number of bankers who now have a monopoly of issue would lose that monopoly, because the privilege of issue would be given to other persons and they would exercise that right, which is now given them free of any

obligation, to deposit securities, subject to the necessity of depositing securities; do you think that those bankers would have any ground which could be recognised of objection to such a proposal, if it should be thought nationally desirable?—It does not appear to me individually that they would have; but I think many of the smaller bankers would think they had. It appears to me that it would be a system which would work well for the public, and one of which no individual could complain. I should say that it would require great care in the introduction of it, because you would have to consider to what extent the private issues would be substituted for the Bank of England note, and there are many considerations of practice that would require infinite caution.

7996. I am at present wishing to ask you, as speaking with some knowledge of the feelings of the provincial bankers having this privilege, how they would regard such a measure; do you consider that they would be entitled to any compensation for such a step as that which deprived them of a monopoly, and required them to give securities for their issues?—Individually I do not think that they would be entitled to any compensation for the loss of the monopoly.

7997. Could they be entitled to compensation for being called upon to give security for their issues?—Speaking for myself, I should say not; but I think they might be of a different opinion.

7998. Now let us put the other case. Supposing that the State, instead of thinking it desirable to give to all country bankers the right of issue upon securities, were to decide upon absorbing all the country issues, and taking them into a single system of State issue, do you think that then the bankers would have any right to complain, or to claim compensation?—Yes, certainly, I think so; because they would lose a source of profit which they were encouraged by the common law and by statute to acquire, and in which capital has been invested. Take the case of Stuckey's bank, for example; for more than a hundred years capital has been invested, and establishments erected, with a view of acquiring the circulation of Somersetshire; I am prepared to show that the whole banking system of Somersetshire has been based upon it, and similarly the banking system of England in other districts, and the public has been benefited in this way; therefore it would be hardly in accordance with justice or with the ordinary spirit of English legislation to take from us the right of issue without compensation.

7999. Can you state in what way the provincial issues in this country have affected the English money market?—I should make rather a strong reply to that question; I should say that they almost created the English money market in past times. If the Committee will observe, they will see that in no continental country is there anything like the system of banking which prevails in England. Abroad there are hardly any cheque banks, or anything of that kind, nor has any foreign country a monetary centre at all in the same way that England has in London. The country money is not

brought to the capital at all in the same way abroad as it is here. For example, the country deposits in the Bank of France are very little over £1,000,000 sterling; if you compare that with the amount of English country money that comes to London, you will at once see the great difference. That difference has really been produced by the country issuers in England and Scotland, because during the last 100 years they have grown over the provincial parts of the country and established small banks, or rather small issuing establishments, because they were not banks in the present sense; it was a very long time before any deposits of any magnitude were acquired. I do not know whether the Scotch witnesses have drawn the attention of the Committee to a very curious body of statistics published by the Bank of Dundee. This gives their accounts from the year 1764 to the year 1864, and shows that for nearly 30 years after their establishment they had no deposits at all; they were a mere bank of circulation; in that way they established themselves, and gradually the deposit system was introduced. So it was in Somersetshire and all over England, and if the Committee will consider, that is the only way in which a deposit system can easily be introduced, because if, for instance, a bank, like the National Provincial Bank, were to go and put itself down in any small town in France at this moment, it would find that it would not be trusted at all; nobody would come near it, or bring it any money. The easiest way to develop credit is to issue notes; then those notes get about into the hands of the public, and the people gradually find, having those notes, that they are trusting the bank, and that they will run no further risk if they bring them to the bank. The system of deposits gradually grows out of a note issue, because there is no increase of confidence required. It is in that way that at first the note issuers created the system of deposit banking, and that the system of deposit banking created that wonderful superfluity of money which we have in London. Therefore, I should say that in past times the country issuer was the vital element in our banking system, although he is so small an element now.

8000. Do you consider that the system still continues to be useful in the way of attracting deposits?—No; I think it has already done the principal part of the work in that respect.

8001. If the provincial issues were now put an end to, do you suppose that it would check the banking habits of the population?—Not now that they have been once acquired. I think they were acquired in that way; but, having been once acquired, they are too useful ever to be given up again.

8002. What is the effect of a panic upon the country banks, and is it different in the case of banks of issue and banks of non-issue?—I should say that it was substantially the same in the case of banks of issue and banks of non-issue, that is to say, that we all come to London for money. It is a system which has grown up, and which I do not know to be theoretically defensible, that the Bank of

England holds the reserve for the whole country. I should be sorry to have to argue that that was a system which ought to be established, but it exists; and as it exists, both banks of issue and banks of non-issue, in the event of the failure of Overend, Gurney and Company, as well as in other similar cases, raised money on securities and took it down into the country. The issuing banks are more numerous, and to that extent probably they may produce a greater effect; but, liability for liability, I do not know that there is any great difference.

8003. Do you consider that a bank of issue runs a greater risk in time of panic, in consequence of its having notes out?—Hardly at all, I think. Of course the issue is one of the liabilities of the bank, and it is a serious amount of the liabilities. It would be determined by circumstances, but I should say, as a rule, that a bank of issue would not run any greater risk.

8004. When the banks bring money from London to strengthen themselves in time of panic, is it with reference specially to their note issue, or is it with reference to their general liabilities?—It is with reference to their general liabilities, I think. In the event of such a failure as that of Overend, Gurney and Company, everybody would take money into the country, even if there were no country issues.

8005. If the country banks had no right of issue, would there not be less pressure upon the Bank of England in time of panic?—Of course there would be less liability to that extent; but referring to the evidence given by Mr. Palgrave, I think he laid before the Committee a table showing that at present the authorised issues of a certain number of banks which were the principal ones, were only 4 per cent. of their deposits. Supposing the liability to be so small as that, it does not appear to me that it would make very much difference, though if you abolished the note circulation, of course the pressure would be somewhat less.

8006. If the note circulation was specially secured, it would greatly diminish the pressure, would it not?—It would obviate it, I should think, to a great extent.

8007. Do you think that if there were a system under which the local banks could increase their issues as much as they pleased, by depositing securities to an equivalent amount, it would have the effect of mitigating panics?—To a great extent possibly it might, but panic is so unreasonable a thing, that I do not know how far it would quite. If a bank is discredited, people would probably withdraw their deposits, and take them to some other bank. For that purpose the secured circulation would not be of any permanent value, because people would not wish to hold it in the form of circulation, but they would wish to deposit it as a credit with some other bank.

8008. The notes, I presume, that they issued against securities must be payable on demand?—Certainly.

8009. Then the bank must take the precaution to hold a sufficient number of Bank of England notes or sovereigns to protect its notes, in addition to the securities which it would have deposited?—Quite so; it must have ample supplies in its till for all purposes.

8010. Therefore, under any circumstances which caused a pressure for gold, there would be the same difficulty in maintaining a sufficient reserve to protect the notes as there is at present?—Of course, if the note was secured, it is not reasonable to suppose that there would be any great run on the part of the note-holder for gold. It must have a very great tendency, at any rate, to diminish that; it is possible that some ignorant persons might still do it, but they would be few, and a very diminishing number.

8011. But if the effect of its being known that the notes were secured was greatly to diminish the tendency of the persons holding the notes to present them for gold, would it not be in the power of the country banks, when they anticipated a scarcity of money, to deposit more securities and issue more notes, so as to meet the probable increased demand for notes consequent upon the scarcity of gold?—Of course they could procure such notes from London, but I do not think it likely that the circulation would be much increased in that way; it is not in the power of any banker to increase his circulation. Under those circumstances, the notes that he pays out would probably be deposited in some other bank. Supposing that a bank was distrusted, and that a depositor drew out his balance and it was paid in secured notes, it is not reasonable to suppose that that depositor would keep them long in his house; he would take them to some other bank.

8016. What is your opinion as to the desirableness or otherwise of issuing notes of smaller denominations than £5?—I think unless they were secured, it would be very mischievous in England, because our poor people are not at all accustomed to a note issue, and in time of peace they would immediately run to the bank. If the notes were secured, I think that in course of time it would work well, but at first I own I should have a doubt about it.

Mr. Balfour.

8037. You think that sufficient security for any note issue would be given by the bank depositing securities, as I understand, to the full amount of its issue?—Yes, in the case of notes which were not legal tender; I do not extend it to the note of the Bank of England, which is legal tender. If you had the American system, by which notes are lodged with a margin (and possibly it might be better to have a little gold as they now have in America; I doubt whether that is essential, but it would be a matter for consideration), that would be quite sufficient, in my opinion, for subsidiary issues which were not legal tender.

8039. You do not consider that securities are a sufficient reserve as against deposits, but you do consider them a sufficient reserve as against issue; is that your view?—No; I should say the banks must always have in their tills a certain amount to pay their notes, and they must always be prepared to pay their liabilities on demand. A system has grown up in this country under which the Bank of England holds the banking reserves for the whole country, and also the reserve for the country note issuers in Scotland. I do not think that a system of one sole reserve in a county held by a single bank, one which I should ever propose to establish, but it exists. It is a much greater anomaly, if I may take the liberty of saying so, than that of having some banks of issue, and some not; but there it is, and we must, I suppose, go on with the banking system into which we were born, because we cannot change it.

8040. My point rather was, that it seems to me that no deposit of securities will enable a bank to be certain of paying its notes on demand?—It does not give the bank the power of paying its notes on demand, and that is not the object with which I propose it, but rather with the object of giving confidence to the public that they will be ultimately paid. It would not make the note so secured absolutely equal to gold; there might be, and sometimes would be, fractional differences, but ultimately people would be sure of getting their money, and for the common transactions of life I hold that this is sufficient. I would illustrate it by the case of the Bank of France. The Bank of France note, though unsecured, has never been very materially different in value from gold for practical purposes; it has been only depreciated about 4 per *mille*, or something of that kind; and for all the business of the country, that small variation in value has not produced any difference, but in the exchange business of the country it has produced an entire revolution. Paris has ceased to be an exchange centre, because persons drawing bills on Paris do not know exactly what they will get. Therefore, for the legal tender of the country, I say that you must have something which will be absolutely, certainly, and instantaneously convertible into gold, but not so with subsidiary currencies.

8044. You expressed alarm just now at the fact that the Bank of England kept all the other bankers' reserves, did you not?—I did not express alarm, but I say that the system is one of the most peculiar things in England; it is a system which I do not suppose anybody would propose to establish, and which throws upon the directors of the Bank of England a very heavy responsibility.

8045. It was given in evidence by the directors of the Bank of England that the bankers' deposits were those upon which they could most securely rely, and that in time of panic, instead of decreasing, they invariably augmented?—They, no doubt, do augment. I do not know what the bank directors may have said here, but I

have heard bank directors say that it is because the ordinary business of London does not go on in its usual way. For instance, the London and Westminster Bank said, in 1857, that they held, I think, £5,000,000 of bills on deposit or re-discounted for bill brokers; in the panic they did not ask the bill brokers to find the money, but they allowed those bills to become due; they did not deposit the money with the brokers, but put the money in the Bank of England. That would make £5,000,000 of bills, we will say, deducted from the money market. In this way those £5,000,000 of bills were practically re-discounted by the Bank of England. So that there is thrown by bankers upon the Bank of England, under the present system, a burden which I certainly should not, as a political economist, wish to see thrown upon it, if you could alter the system in any way.

8046. Will you explain what you mean by those bills being re-discounted by the Bank of England?—I mean, that supposing the London and Westminster Bank allowed its bills to run into cash those bills must be paid in some way, and they can only be paid by the discount of other bills, because there is no fresh money coming into the market. Those bills in time of panic can only be discounted at the Bank of England, and therefore the bankers' deposits were really, when the matter is searched into, discounted by a loan from the bank in that case; and it is the same in other cases.

8047. But the bank is not obliged to discount those bills?—Part of our system in England is, that in time of panic there is no real discounter of new bills except the Bank of England. The Bank of England holds the sole banking reserve of the country, and any one who holds that banking reserve must hold it against the liabilities of the country, the liabilities which it is held to meet. Supposing that the reserve was held by many banks, it would be absolutely necessary that they should lend in a panic, in the same way as it is practically absolutely necessary that the Bank of England should lend. When you say that it is optional, of course they are not legally compellable to do it, but it is part of the business which they have undertaken, and the world will stop if they do not do it.

8048. But still the position of the Bank will be secure?—I think that in case of refusal very probably the Bank itself would come down, because every other bank would come down, and the Bank of England could not stand alone, nor perhaps would the other bankers leave it standing alone.

8049. When the directors of the Bank of England said that they were quite certain of keeping the balances of the other bankers up to the old level, that is only done by their taking the liabilities of the other bankers upon themselves, is not that so?—If the Bank of England were to stop discounting, the bankers' balances would very likely be withdrawn.

8050. It all depends upon that, does it not?—If you can conceive the case of the Bank of England not discounting in a panic, then I think that the bankers would, no doubt, withdraw their balances; but I should be sorry to conceive such a case.

8051. With regard to the Scotch banks, the contention is, of course, that the Scotch banks having a monopoly in Scotland ought not to be allowed to compete with English banks in England; will you explain what advantage, in your view, is given to the Scotch banks in England by their Scotch monopoly?—They have become very large and powerful in Scotland, and it is their magnitude which gives them an advantage in England.

8052. Then an equally large bank which had no privilege anywhere would be quite as dangerous to the English banks as the Scotch banks now are?—Yes; but then there would not be the same ground of complaint against it as far as it goes, because it was not fostered by law. The ground of complaint, as far as there is a ground of complaint, on the part of Cumberland bankers, who, I think, are the only persons much aggrieved, is, that the Scotch banks were fostered by law. An equally large bank not fostered by law would not be open to the same objection.

8053. I presume that if the Scotch banks' right of issue were withdrawn they would be quite as formidable opponents as they now are?—But they would not be liable to the same objection.

8054. So that when the Cumberland bankers come and ask the law to interfere to assist them, the law really cannot assist them; it may do an injury to the Scotch banks, but it cannot protect the Cumberland bankers; is not that so?—It would allow of an effective competition in Scotland which is not now possible. It would allow a new bank to go down and start in Scotland, which is not possible now, because no bank could compete with a Scotch bank of issue.

8055. But still, so far as the bank actually in Cumberland is concerned, it would be no assistance if the Scotch right of issue was abolished, and, therefore, it can hardly complain of the Scotch right of issue being allowed to remain?—The only ground of complaint is, I think, that very great adversaries have been established by the law, and are still continued by the law.

8056. But still, if the law was abolished, the greatness of the adversaries would not be abolished?—That may or may not be; it would then be competent for people to go into Scotland and compete with the Scotch banks on equal terms, which is not now possible.

Mr. Mundella.

8057 At the outset of your evidence you gave us a very interesting and graphic account of your estimate of the value of issues, and how you considered that they built up the English money market;

do you consider that the uses of issues have been exhausted?—I think that the first stage of credit is a stage of note issue, and that gradually the note issue becomes of very much less importance, and that then you come to the second stage, when deposits become the principal form of banking.

8058. Having regard to the extent of deposit banking in Scotland, as compared with England, do you think that we have sufficiently developed the uses of note issues in England, as compared with Scotland?—I think that it would be possible to obtain more from England, and, as far as it was done by a safe system of note issue, I should think that it would be good; but, if I might answer your question fully, I should say that I am not quite sure about the introduction of the Scotch system, for I think that giving so high a rate for deposits, as they do, might be dangerous. The Scotch system is founded upon two things: first, upon a system of note issue; and next, upon a high rate for running accounts. So far as the note issue goes under proper regulations, I dare say it is good; but as to the high rate which they give for money, I think that we have yet to learn whether it is good or not. Every day's experience of the money market, I think, increases the apprehension of many persons that altogether we are giving too high a rate for money, and that the amount of reserve which we keep is in consequence unduly diminished.

8059. Apart from those considerations, do you not think that the Scotch system has had a very beneficial effect upon the national character in developing habits of thrift among the Scotch people?—I think that it has had an extremely beneficial effect upon the world, and upon the nation in general. I would not for one moment speak disrespectfully of the Scotch system of banking; I think it is, in many respects, the best system that the world has seen; but if you ask me about the Scotch character, I think that the Scotch character was much the same before the present system of banking was established in Scotland.

8060. In your opinion, would it not have the same tendency in England to develop habits of thrift if banking were pushed to the same extent in England as it is in Scotland?—I do not see how it would encourage thrift very much, except by giving higher rates for money, which I am not clear ought to be given.

8063. Supposing that that theory were put into operation, what would be your views as to the status of the Bank of England under those circumstances?—Some one must keep the legal tender. My suggestion only applied to what I called the subsidiary issue. You must have a legal tender note secured in some very different way, by very large amounts of gold being kept either in the present way or in some other way; so that an enormous quantity of gold would be kept, so as to secure the instant convertibility of the note.

8067. You are acquainted with the proposals in the Bill which has been the occasion of the appointment of this Committee, as to the exclusion of the Scotch banks from London; do you think that that would be to the advantage of the English money market?—I do not think that it would produce any effect at all upon the general money market.

8068. Do you think that it is any great disadvantage to the English banker that the Scotch banks should come to England?—I think that the Cumberland banker, just over the Border, may have reason to complain that he was placed in contact, at Carlisle, with competitors of State creation who were too strong for him; but I confess that I am dubious whether any one else has very great ground of complaint.

Mr. Leveson Gower.

8074. I assume from your evidence that you disapprove of the monopoly of issue which was established in Scotland in 1845?—I very much doubt whether the Act of 1845 is capable of much defence. I do not know whether that is part of the subject-matter of this Committee. The Act of 1844, in England, has done, I think, an immense deal of good in various ways, but as regards the Act of 1845 in Scotland, I have very great doubts whether it has ever done any great good; and if you have to explain it to a cultivated American or any person of that sort, it is one of the most difficult things to make him understand that can be conceived. I have several times had to do it, and I have found that the American thought I must be talking to him of a law which could not exist; it was so incomprehensible.

8080. Supposing that Scotland was a foreign country, would you equally object to the Scotch banks coming to England?—No; because the inequality is not then created by your own laws. If a French bank, or any other bank which is not fostered by our own law, chose to come here, I think it would be for the good of the public, and I should not complain, but I think that with respect to our own laws they ought to be equal.

Mr. Backhouse.

8086. With regard to a question which was asked on Monday of the Directors of the Bank of England, in reference to the pressure of banks of issue in time of panic upon the Bank of England, in your opinion is there any appreciable difference in the amount of money which the banks of issue draw from London in consequence of their being banks of issue; is it not taken that the amounts drawn are drawn equally by all country banks in order to protect their deposits and their general liabilities?—I should say that it was only one of their liabilities; I do not think that they draw more money as against their note issue than they do as against the deposit liabilities.

8087. I see that in the last answer in the evidence of Monday last three banks are named as having caused a special pressure upon the Bank of England in the panic of 1857; were any of those three banks, banks of issue?—I believe not; certainly the two former were not, and I apprehend that the last was not.

8088. With regard to banks giving security, there would be some difficulty in arranging an equitable mode of giving security for their notes, would there not, inasmuch as, in addition to giving a large amount of security for the authorised circulation, those banks would have virtually to keep a large amount of cash in order to make those notes convertible at any time?—It would, no doubt, very considerably diminish the advantage of issue.

8089. With regard to a single issue, either by the State or through a bank, would not some difficulty arise with regard to the convenient exchange of notes for gold; for instance, in places where there were no branches or no arrangements for the cashing the State issue of notes, would not difficulty arise in exchanging those notes in order to obtain the smaller coin for wages?—No doubt bankers would charge for changing either the State note or the note of a single bank.

8093. I gather from your answer that the tendency of recent years has been to allow a rather higher rate of interest on money at short notice, and a call, than is desirable?—I think that it is very questionable whether too much is not given.

Mr. Goschen.

8099. With regard to the reserves, have you ever seen any system suggested which commended itself to your mind in lieu of the present system of the Bank of England practically holding the reserves of the bankers?—Not under our present circumstances, which I am sorry to say that I am afraid we cannot change. If we were starting *de novo*, I should like to see a large number of banks each holding its own reserve. I think such a system would be preferable, but I do not see how you could go back to it.

8104. Therefore, while attention is continually called to this fact, so far as you have watched any schemes which have been suggested for removing it, you would think that it would be almost impossible to deal with it by legislation?—It would be absolutely impossible to deal with it by legislation.

8111. So that while public attention is turned to this question of the reserves, it may be usefully turned to the point of the difficulty, and indeed the absolute impossibility, of finding remedies for it by any action of Parliament?—Certainly no remedies can be found for it by any action of Parliament. The only good which could be done in any way is by the recognition of the present state of things. The danger which I fear we are running is that no one knows exactly what our present system is. I think that formerly it was

not generally known, for example, at the West End, though people are beginning now to understand it, that the Bank of England was a very different bank from the London and Westminster Bank in this respect, that it held an enormous deal more actual cash (by cash I mean bank notes and coin); and that those bank notes were held upon some kind of condition that they would lend them in the time of panic.

8112. Would the general feeling be properly described in this way: that now, less than at almost any previous period, individuals of the public think it necessary to hold reserves, while at the same time they think they ought to have an unlimited amount of capital supplied to them, when they want it, upon their bills and securities?—I should not accept those words; I should rather put it in this way: that the present doctrine is that the whole of the ultimate reserve is kept in the banking department of the Bank of England, and that the Bank of England must hold enough for everybody, or else it and everybody stops.

8113. But does not everybody consider that he is entitled to be able to borrow to an unlimited extent, provided he has an unlimited amount of securities?—Yes; that the Bank of England lend out of the reserve on good security in time of panic. I should say that in my notion the banking reserve, whether it is held by many banks or by one, would be burdened with that liability (if I may use the expression), and that in time of panic you must lend freely out of it. That is one of the objects for which you keep it. The best mode of staying a panic is by lending. If people find that they cannot get their bills discounted, and that they cannot get money upon their securities, then the panic increases. It is only by very large and bold action on the part of the persons who possess the reserve that you can stop a panic; and whether the reserve is kept by many banks or by one, that would still be the duty of the holders of the reserve.

8114. Provided that the bold action does not exceed the means at the disposal of those who exercise it?—They are bound to have the means; they get nothing by timid action, because in that case they will certainly themselves fail.

8115. You see no legislative remedy for the present state of things?—No legislative remedy whatever.

8116. And at the same time you look upon it as most grave, and somewhat alarming?—Yes, I look upon it as a ground for anxiety ("alarm" is a strong word) and for incessant watchfulness.

8117. You consider that the reserves are small, and that the situation, both in banking and commercial respects, is such that if there is a great strain upon those reserves they must be most boldly dealt with, or else disaster will ensue?—Quite so.

8118. And that if, on the other hand, that boldness were a little

excessive, disaster would also ensue?—When the panic has actually occurred, I think you must lend right and left; you have nothing else to do. The time for caution is in preventing a panic.

8123. In your judgment, does the Scotch system gain strength from the fact of the existence of the reserve of the Bank of England?—I should say that not only the present system of Scotland, but the whole system of Scotland from the beginning is based upon the fact that England holds, and has held, the reserve for Scotland.

8124. The Scotch system is not then an entirely self-contained system, and it could not be maintained without the prospect of disaster, but for the fact that it rests to a certain extent upon the collateral system of England, which secures large reserves open to Scotland in time of panic?—It is essentially a provincial system, though it is, I have no doubt, an excellent system.

8125. Could the Scotch system be maintained, looking to the convertibility of the note, and the chances of panic, unless in times of panic there was the reserve in the Bank of England to meet that panic?—I should say that no part of our English or Scotch system could be maintained but for the reserve in the Bank of England. We all rest upon that.

8126. So that, while the Scotch have the full advantage of their provincial issues, as you call them, and of their monopoly of the notes, they have also the advantage of the English system, through the reserves that are kept in the Bank of England?—Yes; they must be looked upon, I think (I do not like to say as provinces, but), as part of the same system, all resting on the one reserve of the Bank of England; and the same remark applies to Ireland.

8127. What was the point in the Scotch monopoly which was so incomprehensible to your foreign friends to whom you endeavoured to describe it?—The incomprehensible point in the Scotch law was the purpose for which the gold goes to Scotland; they could have quite understood your not sending it down, or that it should be made a security for the notes being ear-marked for the notes when it got there; but they could not understand that it should go down, as they would say, for nothing.

8128. Do you see any advantage in that part of the system which requires gold to be held against the over-issues, without that gold being specially ear-marked against those issues?—I do not myself see any advantage in it; but, as you are aware, the theory of the currency on which Sir Robert Peel based his legislation requires that it should be so. I do not myself hold that theory.

8132. With regard to some questions that were asked you upon a point of political economy, is it in accordance with your views of political economy that free trade would consist with allowing privileged monopolists to contend, under the same system of law,

with others who have no monopoly?—If you are starting *de novo*, of course, all producers ought to start fair, and on equal terms. The only question is, how far, when systems have grown up, you will interfere with them at the risk of doing harm.

Mr. Hubbard.

8136. Did I correctly understand you to say that a provincial bank having a right of issue, was able to afford banking accommodation to the district with which it dealt upon more favourable terms than if it had not the power of issue?—I did not use the word “accommodation;” I meant to say that it was able to do a greater variety of small business, for the sake of requiring the circulation of the district; they cashed cheques, for example, which it would not be worth while to do otherwise.

8140. It would not, therefore, lend upon more favourable terms than a non-issuing bank?—No.

8141. Then in what would consist the advantage that the district would derive from the bank being an issuing bank?—It would do a variety of small business for the sake of acquiring the circulation of the country, which it would not do otherwise. For example, as stated in the particular case of Somersetshire, if a person selling the produce of the county gets a cheque on a distant bank, that cheque would be cashed across the counter in our own notes free of charge. That is not a loan, you will observe; that is an exchange, and all that class of business is done now to an extent in detail; which you must stand at the bank counter to understand. A large number of transactions in a day of a petty description are done cheaper than they would be if we had to find Bank of England notes for them, and they are done with a view of obtaining the currency of the district. We establish agencies, as I have already stated, to make those exchanges, so as to get out our notes.

Sir John Lubbock.

8148. You have stated, have you not, that the north country banks are those which at present would be the principal sufferers by competition with the Scotch banks?—Yes; I should have said that they are the only persons likely to suffer. In the south of England it would be, I think, quite chimerical to imagine that the Scotch banks would never make any impression.

8164. The privileges enjoyed by the English issuing banks are very much less, are they not, than those enjoyed by the Scotch issuing banks?—Yes, they have produced an altogether different effect. It has been stated before the Committee that the number of banks in Scotland has diminished, and that no bank of non-issue can practically do much business there; whereas in England, banks of non-issue are multiplying, and the issue is diffused among a great number of persons.

8165. I think I understood you to say, that speaking from your experience, you do not consider that there is any special pressure upon banks of issue in panics?—Not on account of the issue. That is only one of the liabilities which a banker takes account of. In such a time as 1866, when Overend, Gurney and Company failed, I think almost as much money would have gone down to the country if there had been no provincial issues. When people are in a bewildered state of mind, they take down a great deal without any very nice calculations.

8166. The pressure is not more in proportion upon the issue than it is upon the deposits, is it?—No.

8167. You do not consider, do you, that the panics of either 1847, 1857, or 1866, had any special reference to the English country bank issues?—Not in the least. There is one case in which I do think that the English country bank issues may be prejudicial in a panic. The Act of 1844 will not allow of the sale of private issues; if a private bank parts with its issue it loses its circulation. I am afraid that that has the effect of keeping up a certain number of private banks which would otherwise have ceased to exist, and those may perhaps fail in a time of panic.

8168. The balances of London bankers constitute, do they not, a very large proportion of the Bank of England usual reserve?—Yes.

8169. And upon those balances of course no interest is allowed by the Bank of England to the London bankers?—No.

8170. I think that I gathered from the general tenor of your evidence with reference to panics, that you thought that the proper course for the Bank of England to adopt in times of difficulty was to raise the rate of interest betimes to such an extent as to attract money from abroad, but not suddenly to refuse the discount of good bills?—I think that the Bank of England ought to extend its discounts at the time of panic as holding the ultimate reserve of the country; that whoever holds the ultimate reserve, whether it is in many banks or in one, must be prepared in times of extremity to lend freely. This is the only mode by which a panic can be allayed. Any restriction of accommodation at that moment only increases the panic and augments the amount of loans in advance which have to be given afterwards.

8173. With regard to the gold held by Scotch banks, it is not only not ear-marked, but is it not the case that it need only be held for a single day, while the issue goes on permanently, and is not that a material point?—Yes.

8177. Do you consider that the entire severance of note issue from banking business would be an economical or a costly expedient?—It would be a very costly expedient, no doubt, because if you were to have any real means of paying the notes and you did not make use of the banks, you must have special agencies or paying offices all over the country for the purpose.

8179. In your point of view, are local notes an advantage not only to the bank which issues them, but also to the public?—I think that the poorer part of the public would suffer very much if the local issues were abolished.

8185. If we had one single national note issue, might there not be some danger that in times of difficulty the Chancellor of the Exchequer would be very strongly pressed to increase the amount issued beyond what would be altogether safe, or (which is the same thing) to reduce the amount of gold held against it?—Quite so. I think that in time of panic if a State issue was the sole legal tender, there might be extreme and very dangerous pressure on the Government to lend money to persons to whom it ought not to be lent.

8186. In times in which, owing to a bad harvest, or to any other cause, the Exchequer was running low, there would always be a pressure, would there not, to diminish the amount of gold held in reserve against the notes, which might be carried to a dangerous extent?—One might hope that the public might have sufficient strength of principle not to deal with it. Of course there is that danger, but I should hope that that might be obviated. I should rather fear an extreme pressure on the Government, in a time of panic, to lend notes. At present the loans are made by the Bank of England in time of panic, and the Bank of England knows how to manage because it is a trader in the market; but if the Government once began to lend I do not know whether it would have the same discretion. I am quite sure that it would never be thought to be equally impartial, because the Prime Minister or the Chancellor of the Exchequer might be member for a great commercial community, for London or Liverpool, and the public would never believe that his constituents did not get a benefit. For those reasons, under a Parliamentary Government like ours, I think a State issue would be exceedingly dangerous.

8190. You have spoken of the Bank of England reserve as being the ultimate reserve of the country; but, of course, there is a very large sum which is held by the different bankers in London and throughout the country, which also constitutes a portion of the banking reserve, is there not?—Of course the reserve of other bankers is kept at the Bank of England, and then the Bank of England lends a portion of it; but the only unused cash is notes in the banking department; that is the only ultimate reserve in mere cash. The rest, which other bankers hold, is, in the main, till-money, I should say, and not to be reckoned as reserve, either in town or country.

8191. I have always understood that both the London and the country bankers hold in their own houses a much larger amount than would be required as till-money. I presume that, upon that point, you are speaking rather from general impression than from any absolute information upon the subject?—My own impression is

that people do not hold much more than, taking a large view of till-money, was absolutely required for their business.

8194. I think that, in answer to a question put to you by the honourable Member for Hertford, you used the expression in reference to panics, and particularly with regard, I think, to one of the large joint-stock banks, that they re-discounted bills. Is not what happens rather this: that the London bankers lend to the bill brokers, and on the Stock Exchange, very large sums of money, and mostly from day to day, upon the deposit of bills of exchange and securities (principally consols and Government securities); and that in times of pressure they call in those loans; that then the stock-brokers and bill-brokers, in order to repay the bankers, take the securities to the Bank of England and obtain, or endeavour to obtain, advances upon them?—Yes, that was what I meant to express; I did not know that I had used the word “re-discount”; if I did so it was used inadvertently. The instance which I cited was that which the London and Westminster Bank themselves gave when they did not call in any money from the brokers, but allowed the bills which they held from the brokers to become due; I said that those bills could only be paid by other bills being discounted, and those second bills which were necessary for that payment were discounted by the Bank of England.

Mr. Anderson.

8198. In your answer to the honourable Member for Maidstone, did you mean that it would be impossible to put a State issue under such control that the Chancellor of the Exchequer, or another Member of the Government, could not use it improperly?—“Impossible” is a strong word; but I say that under Parliamentary Government in time of panic it would be a very dangerous machinery; I am fearful that it might be used for making improper loans, and I am still more fearful that it would be thought to be used for making such loans even when it was not so used.

8199. But could not Parliament put it out of the power of the Government to do that?—Then Parliament must put it into the power of somebody else.

8200. Might not the power be vested in trustees, for instance?—Who are the trustees to be? The trustees must be nominated by somebody.

8201. They need not be members of the Government, I suppose?—They may be nominally independent Commissioners.

8202. Might they not be entirely independent, subject only to Acts of Parliament, so that there could be no control over them except by an Act of Parliament specially passed?—It would be possible to make them theoretically independent, but I very much question whether they would be practically independent, and I still more doubt whether they would be thought by the public to be

independent, whether they would have the confidence of the public, and whether the public would not believe that persons of high interest obtained loans for their friends in times of panic, which persons who were not so befriended did not obtain.

8203. But would giving Commissioners control over a State issue necessarily involve giving them power to make loans to anybody?—I say that in a panic there would be a fearful rush upon the Government to make loans; I believe that there is an extremity of panic in which more notes must be issued; the orthodox doctrine laid down by Ricardo is that there is a period of panic at which the restrictions upon the issue of legal tender must be removed; supposing that to be so, and that you put the legal tender absolutely into the hands of the Government, I fear that loans would be made to improper persons, and I still more fear that it would be thought that they were made to improper persons.

8204. Would that pressure be stronger upon Parliamentary Commissioners than it would upon Directors of the Bank of England?—The Directors of the Bank of England know how to manage it, and the world have confidence in them because they conduct the management as part of their general business.

8205. You think that Parliamentary Commissioners would not know how to manage it?—They would not know how to manage it, and they would be subject to all manner of political pressure, whereas the Bank of England is a body withdrawn from the political world, and not subject to political pressure.

8206. Then you would not be in favour of taking away the issue department from the Bank of England or making it more distinct than it is at present?—In my judgment it would be a very dangerous thing to do, for the political reason that in time of panic it would never be thought that any lending power in the Government would be well exercised.

8207. You look upon the Bank of England as the holder of the ultimate reserve, and you say that it is bound to lend money very largely in time of panic; how do you propose to give it means to do that?—It ought to hold such a reserve as will enable it to do so, subject of course to what I was also saying, viz., that there is a period of panic at which any restrictions upon the issue of legal tender must for a moment be broken, and in which any Issue Department which you may have must probably have to make advances in some irregular manner.

8214. Is it not the fact that at certain times it has been quite well known that certain banks have such large deposits with the Bank of England, that at any time they could swamp the whole reserve by drawing those reserves out?—I cannot speak of any particular banks, but the returns which have been presented to Parliament show that the aggregate of bankers' balances has often been more than the reserve.

8215. And therefore, that those bankers by withdrawing their balances, could have exhausted the reserve of the Bank of England?—Undoubtedly they could have done so, if they had so chosen.

8216. Does not that give a very improper or dangerous power to bankers over the Bank of England?—I am not afraid that the bankers would ever ruin the Bank of England, because they all depend upon the Bank of England.

8220. Therefore you think that the fact of the bankers' reserves being held at the Bank of England is not an element of danger at all?—I think that they are the deposits which are the least likely to be taken from the bank.—As I explained before, I do not think that depending upon a single reserve is at all what a sound political economist would have wished to establish; but still there it is, and we must make the best of it.

Mr. Orr Ewing.

8223. But can the banks in Scotland come to England with the same advantages that the banks in England have?—No; but they have considerably greater advantages of their own.

8224. Have they considerably greater advantages than banks of issue in England?—Yes, I should say so.

8225. In what way?—They can extend their issues upon gold, and that I consider to be a great advantage where there is a £1 note issue, which constitutes the whole money of the country.

8226. Would you like to have that privilege of extending issues upon gold conferred upon the provincial banks of England?—With a £5 note circulation I do not think that it would be of any great importance, but with a £1 note circulation it would be of great importance. It must be taken in connection with this; that no unsecured £1 note circulation would be of any value in England.

8227. You are not in favour of a £1 note circulation, are you?—If it was secured I see no disadvantage in it.

8228. Are you in favour of it?—As a theoretical political economist I see no objection to it, but I am not in favour of its practical introduction at this moment. The two things must be kept carefully distinct.

8229. Is it not the case that banks in England that have not the privilege of issue compete successfully with banks of issue, and pay the highest dividends in England?—Banks which are not banks of issue are very prosperous indeed; I forget the exact figures.

8230. Then what did you mean when you spoke of a monopoly which exists in Scotland, as to Scotch bankers which prevents banks without the privilege of issue succeeding in Scotland?—I only appeal to history. No bank goes to Scotland and sits down there without issuing notes; and the number of banks in Scotland is much less than it was thirty years ago. In that way (I do not know whether you call it a monopoly or not) a very small number of banks command the country.

Mr. Backhouse.

8242. Is it not the fact that in England there is a legal tender currency both of coin and bank notes, whereas in Scotland there is no legal tender currency, and therefore any bank established in England without the privilege of issue is able to employ for all its momentary operations a legal tender currency, while if a new bank starts in Scotland it has no currency whatever with which to perform the usual functions of banking?—Sovereigns would be legal tender.

8243. But sovereigns are not in ordinary use in Scotland, and, therefore, practically, the whole currency of the country consists of the notes of the Scotch banks, does it not?—No doubt that is a great advantage which they have.

8244. It is from that cause, is it not, that new banks cannot be established in Scotland, because they have no means of providing the ordinary currency which is used in the country?—Yes.

Sir John Lubbock.

8245. In fact, as regards the monopoly of the Scotch banks, is it not your opinion that the legislative advantages which they enjoy in the matter of issue practically prevent the establishment of new banks in Scotland?—That is what I understand and believe.

8246. Whereas, if the Scotch banks came to England, they would possess all the advantages which are enjoyed by the English non-issuing banks?—Certainly.

STATEMENT

RESPECTING THE

NOTE CIRCULATION OF GREAT
BRITAIN AND IRELAND,

FOR THE YEARS

1844—1874.

NOTE.—Columns of *proportional figures* are added to all the statements of amounts in order to assist the reader in tracing the course of the note circulation. The *average* of the period under consideration is taken as = 100 in those Tables which contain statements of the *monthly* amounts. The *first year* in the period is taken as = 100 in those Tables which contain statements of the *yearly* amounts. Columns of *percentages* are added to such of the Tables as require it. *The columns containing proportional figures and per-centages are printed in a different type throughout* for facility of reference.

R. H. INGLIS PALGRAVE.

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Year.	1 Declared Value of Exports and Imports.	2 Increase of Exports and Imports. 1844=100.	3 Amount of Clearing.	4 Increase of Clearing since 1844. 1844=100.	5 Decimal Proportion of Total Exports and Imports to Clearing.
1844.	£		£		
Exports ..	59,000,000				
Imports ..	85,000,000				
Total*..	144,000,000	= 100	(say) 1,500,000,000	†=100	·96
1868.					
Exports ..	179,000,000				
Imports ..	294,000,000				
Total ..	473,000,000	328	3,466,000,000	231	·137
1869.					
Exports ..	189,000,000				
Imports ..	295,000,000				
Total ..	484,000,000	336	3,602,000,000	240	·134
1870.					
Exports ..	199,000,000				
Imports ..	303,000,000				
Total ..	502,000,000	347	3,904,000,000	260	·128
1871.					
Exports ..	222,000,000				
Imports ..	329,000,000				
Total ..	551,000,000	382	4,777,000,000	318	·115
1872.					
Exports ..	256,000,000				
Imports ..	354,000,000				
Total ..	610,000,000	423	5,903,000,000	394	·103
1873.					
Exports ..	255,000,000				
Imports ..	370,000,000				
Total ..	625,000,000	434	6,161,000,000	411	·101
1874.					
Exports ..	239,000,000				
Imports ..	368,000,000				
Total ..	607,000,000	421	5,916,000,000	394	·102

* 1844, "Porter's Progress of the Nation," p. 356. The exports of British produce

† The amount passed by the principal banking houses in London at the Clearing House, include foreign and
As this statement is for 1839, and does not include the Bank of England nor the joint stock
therefore estimated at

the London Clearing House, and the Total Bank Note Circulation of all the United Kingdom.

6 Total Bank Note Circulation in the United Kingdom.	7 Proportion of Exports and Imports together to Note Circulation. Note Circulation=	8 Proportion of Note Circulation to Clearing. Circulation=1.	9 Increase in Bank Note Circulation since 1844. 1844=100.	Year.
£				
37,380,000	{ Exports and } $3\frac{3}{4}$ { Imports, say }	Clearing, say 40	= 100	1844.
39,750,000	{ Exports and } 12 { Imports, say }	Clearing, say 87	106	1868.
39,850,000	{ Exports and } 12 { Imports, say }	Clearing, say 90	107	1869.
40,000,000	{ Exports and } $12\frac{1}{2}$ { Imports, say }	Clearing, say 97	107	1870.
42,060,000	{ Exports and } 13 { Imports, say }	Clearing, say 113	112	1871.
43,600,000	{ Exports and } 14 { Imports, say }	Clearing, say 135	117	1872.
43,370,000	{ Exports and } $14\frac{1}{2}$ { Imports, say }	Clearing, say 142	116	1873.
43,910,000	{ Exports and } $13\frac{3}{4}$ { Imports, say }	Clearing, say 135	117	1874.

only are included, as more closely representing British trade than the total exports, which colonial produce.
in 1839, is given as £941,401,600. ("Principles of Money," by John Wade, 1842, p. 79.)
banks, nor *all* the private banks, a considerable increase is probable by 1844; the amount is
£1,500,000,000 in that year.

TABLE II.—ANNUAL AVERAGES OF AUTHORISED AND ACTUAL ISSUES OF PRIVATE BANKS IN ENGLAND AND WALES during the years 1844-74.

Year.	1. Authorised Issue.	2. Proportion of each Year to 1844. 1844=100.	3. Actual Average Issue.	4. Proportion of each Year to 1844. 1844=100.	5. Percentage of Actual to Authorised Issue.
	£		£		Per cent.
1844 ..	5,153,407	100	4,780,000	100	93
January '45 ..	5,011,097	97	4,510,000	94	90
'46 ..	5,009,021	97	4,550,000	95	91
'47 ..	4,995,569	97	4,320,000	89	88
'48 ..	4,841,889	94	3,660,000	76	76
1849 ..	4,815,456	93	3,560,000	74	74
'50 ..	4,802,583	93	3,580,000	75	74
'51 ..	4,788,883	93	3,460,000	72	72
'52 ..	4,698,071	91	3,550,000	74	75
'53 ..	4,655,615	90	3,800,000	79	82
1854 ..	4,616,605	89	3,770,000	79	82
'55 ..	4,609,868	89	3,830,000	80	83
'56 ..	4,570,367	88	3,750,000	78	82
'57 ..	4,494,919	87	3,620,000	76	80
'58 ..	4,404,940	85	3,240,000	68	73
1859 ..	4,395,217	85	3,440,000	72	78
'60 ..	4,395,217	85	3,440,000	72	78
'61 ..	4,395,217	85	3,220,000	67	73
'62 ..	4,338,190	84	3,220,000	67	74
'63 ..	4,319,593	84	3,140,000	66	73
1864 ..	4,251,004	82	3,110,000	65	73
'65 ..	4,203,118	81	2,950,000	62	70
'66 ..	4,117,696	80	2,760,000	58	67
'67 ..	4,088,519	79	2,730,000	57	67
'68 ..	4,079,493	79	2,740,000	57	67
1869 ..	4,032,908	78	2,730,000	57	68
'70 ..	4,032,908	78	2,590,000	54	64
'71 ..	3,975,545	77	2,680,000	56	67
'72 ..	3,941,291	77	2,700,000	56	68
'73 ..	3,916,514	76	2,640,000	55	67
1874 ..	3,875,809	75	2,600,000	54	67
'75 ..	3,845,908	74			
April 10, '75 ..	3,807,992	74			

Original number of Private Banks authorised to issue Notes in
 England and Wales under the Act of 1844 207
 Reduction in number by amalgamation 6

Deduct 88 Private Banks since ceased to issue 88

Number of Banks, April, 1875 113

TABLE III.—ANNUAL AVERAGES OF AUTHORISED AND ACTUAL ISSUES OF JOINT STOCK BANKS IN ENGLAND AND WALES during the years 1844-74.

Year.	1. Authorised Issue.	2. Proportion of each Year to 1844. 1844=100.	3. Actual Average Issue.	4. Proportion of each Year to 1844. 1844=100.	5. Percentage of Actual to Authorised Issue.
	£		£		Per cent.
1844 ..	3,495,446	100	3,390,000	100	97
January '45 ..	3,477,321	99	3,190,000	94	92
'46 ..	3,469,872	99	3,170,000	94	91
'47 ..	3,442,645	98	3,040,000	90	89
'48 ..	3,428,731	98	2,600,000	77	76
1849 ..	3,409,987	97	2,630,000	78	77
'50 ..	3,409,987	97	2,740,000	81	80
'51 ..	3,409,987	97	2,740,000	81	80
'52 ..	3,409,987	97	2,860,000	84	84
'53 ..	3,303,357	97	3,050,000	90	89
1854 ..	3,325,857	95	3,030,000	89	91
'55 ..	3,325,857	95	3,050,000	90	92
'56 ..	3,316,143	95	3,050,000	90	92
'57 ..	3,303,357	94	3,010,000	89	91
'58 ..	3,303,357	94	2,760,000	81	83
1859 ..	3,303,357	94	2,990,000	88	90
'60 ..	3,303,357	94	3,000,000	88	91
'61 ..	3,303,357	94	2,890,000	85	87
'62 ..	3,303,357	94	2,890,000	85	87
'63 ..	3,299,405	94	2,880,000	85	87
1864 ..	3,274,358	94	2,850,000	84	87
'65 ..	3,226,257	92	2,850,000	84	88
'66 ..	3,226,257	92	2,280,000	67	71
'67 ..	3,181,011	91	2,300,000	68	73
'68 ..	2,738,640	78	2,300,000	68	84
1869 ..	2,738,640	78	2,330,000	69	85
'70 ..	2,738,640	78	2,300,000	68	84
'71 ..	2,738,640	78	2,380,000	70	87
'72 ..	2,738,640	78	2,390,000	70	87
'73 ..	2,738,640	78	2,400,000	71	88
1874 ..	2,738,640	78	2,360,000	70	86
'75 ..	2,652,993	76			
April 10, '75 ..	2,652,993	76			

Original number of Joint Stock Banks authorised to issue Notes
in England and Wales under the Act of 1844 72
Deduct 18 Joint Stock Banks ceased to issue 18
Number of Banks, April, 1875 54

TABLE IV.—ANNUAL AVERAGES OF THE AUTHORISED AND ACTUAL ISSUES OF BOTH PRIVATE AND JOINT-STOCK BANKS IN ENGLAND AND WALES during the years 1844-74.

Year.	1. Authorised Issue.	2. Proportion of each Year to 1844. 1844=100.	3. Actual Average Issue.	4. Proportion of each Year to 1844. 1844=100.	5. Percentage of <i>Actual</i> to <i>Authorised</i> Issue.
	£		£		Per cent.
1844 ..	8,648,853	100	8,170,000	100	95
January '45 ..	8,488,418	98	7,700,000	94	91
'46 ..	8,478,893	98	7,720,000	94	91
'47 ..	8,438,214	97	7,360,000	93	90
'48 ..	8,270,620	96	6,260,000	76	76
1849 ..	8,225,443	95	6,190,000	76	75
'50 ..	8,212,570	95	6,320,000	77	77
'51 ..	8,198,870	95	6,200,000	76	76
'52 ..	8,108,058	94	6,410,000	78	79
'53 ..	8,065,602	93	6,850,000	84	85
1854 ..	7,942,462	92	6,800,000	83	86
'55 ..	7,935,725	92	6,880,000	84	87
'56 ..	7,886,510	91	6,800,000	83	86
'57 ..	7,798,276	90	6,630,000	81	85
'58 ..	7,708,297	89	6,000,000	73	78
1859 ..	7,698,574	89	6,430,000	79	84
'60 ..	7,698,574	89	6,440,000	79	84
'61 ..	7,698,574	89	6,110,000	75	79
'62 ..	7,641,547	88	6,110,000	75	80
'63 ..	7,618,998	88	6,020,000	74	79
1864 ..	7,525,362	87	5,960,000	73	79
'65 ..	7,429,375	86	5,800,000	71	78
'66 ..	7,343,953	85	5,040,000	62	69
'67 ..	7,269,530	84	5,030,000	61	69
'68 ..	6,818,133	79	5,040,000	62	74
1869 ..	6,771,548	78	5,060,000	62	75
'70 ..	6,771,548	78	4,890,000	60	72
'71 ..	6,714,185	78	5,060,000	62	75
'72 ..	6,679,931	77	5,090,000	62	76
'73 ..	6,655,154	77	5,040,000	62	76
1874 ..	6,614,449	76	4,960,000	61	75
'75 ..	6,498,901	75			
April 10, '75 ..	6,460,985	75			

TABLE V.—ANNUAL AVERAGES of Total English Country Note Circulation for the years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1845.			1846.			1847.			1848.			1849.		
Average of Year. £7,710,000 = 100.			Average of Year. £7,730,000 = 100.			Average of Year. £7,360,000 = 100.			Average of Year. £6,230,000 = 100.			Average of Year. £6,210,000 = 100.		
£			£			£			£			£		
January	7,690,000	99	Jan.	7,850,000	102	Jan.	7,890,000	107	Jan.	6,220,000	99	Jan.	6,270,000	101
February	7,550,000	98	Feb.	7,580,000	98	Feb.	7,750,000	105	Feb.	6,150,000	98	Feb.	6,160,000	99
March ..	7,560,000	98	March ..	7,710,000	100	March ..	7,790,000	106	March ..	6,170,000	98	March ..	6,100,000	98
April	7,990,000	103	April ..	8,040,000	104	April ..	8,020,000	109	April ..	6,640,000	106	April ..	6,560,000	105
May	7,850,000	102	May	7,860,000	102	May	7,810,000	106	May	6,520,000	104	May	6,460,000	104
June	7,520,000	97	June	7,530,000	97	June	7,410,000	101	June	6,180,000	98	June	6,100,000	98
July	7,640,000	99	July	7,510,000	97	July	7,330,000	99	July	6,060,000	96	July	6,080,000	98
August ..	7,530,000	97	August	7,410,000	96	August	7,170,000	97	August	5,950,000	95	August	5,850,000	94
Sept.	7,600,000	98	Sept.	7,730,000	100	Sept.	7,220,000	98	Sept.	6,150,000	98	Sept.	6,870,000	94
October ..	8,120,000	105	Oct.	8,090,000	105	Oct.	7,560,000	103	Oct.	6,750,000	107	Oct.	6,550,000	105
November	7,860,000	102	Nov.	7,840,000	101	Nov.	6,490,000	88	Nov.	6,540,000	104	Nov.	6,450,000	104
December	7,680,000	99	Dec.	7,660,000	99	Dec.	5,950,000	81	Dec.	6,110,000	97	Dec.	6,140,000	99
1850.			1851.			1852.			1853.			1854.		
Average of Year. £6,330,000 = 100.			Average of Year. £6,210,000 = 100.			Average of Year. £6,410,000 = 100.			Average of Year. £6,840,000 = 100.			Average of Year. £6,830,000 = 100.		
£			£			£			£			£		
January	6,370,000	101	Jan.	6,300,000	101	Jan.	6,230,000	97	Jan.	6,770,000	99	Jan.	7,020,000	103
February	6,260,000	99	Feb.	6,160,000	99	Feb.	6,130,000	96	Feb.	6,750,000	97	Feb.	6,920,000	101
March ..	6,230,000	98	March ..	6,110,000	98	March ..	6,180,000	97	March ..	6,730,000	98	March ..	6,900,000	101
April	6,610,000	104	April ..	6,580,000	106	April ..	6,580,000	103	April ..	7,030,000	103	April ..	7,100,000	104
May	6,570,000	103	May	6,520,000	105	May	6,510,000	101	May	6,960,000	102	May	6,950,000	102
June	6,230,000	98	June	6,220,000	100	June	6,250,000	97	June	6,700,000	98	June	6,620,000	97
July	6,260,000	99	July	6,130,000	99	July	6,310,000	98	July	6,750,000	99	July	6,510,000	95
August ..	6,050,000	95	August	5,840,000	94	August	6,180,000	96	August	6,620,000	97	August	6,340,000	93
Sept.	6,130,000	97	Sept.	5,890,000	95	Sept.	6,350,000	99	Sept.	6,780,000	99	Sept.	6,530,000	96
October ..	6,650,000	105	Oct.	6,430,000	104	Oct.	6,890,000	108	Oct.	7,160,000	105	Oct.	7,100,000	104
November	6,440,000	102	Nov.	6,310,000	102	Nov.	6,760,000	105	Nov.	7,080,000	103	Nov.	7,080,000	104
December	6,140,000	97	Dec.	6,050,000	97	Dec.	6,560,000	102	Dec.	6,840,000	100	Dec.	6,880,000	101

TABLE V. *continued.*—ANNUAL AVERAGES of Total English Country Note Circulation for the years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1855.			1856.			1857.			1858.			1859.		
Average of Year. £6,900,000 = 100.			Average of Year. £6,790,000 = 100.			Average of Year. £6,640,000 = 100.			Average of Year. £5,980,000 = 100.			Average of Year. £6,430,000 = 100.		
January	£	7,050,000	Jan.....	£	7,000,000	Jan.....	£	6,800,000	Jan.....	£	5,650,000	Jan.....	£	6,320,000
February		6,760,000	Feb....		6,700,000	Feb....		6,640,000	Feb....		5,500,000	Feb....		6,260,000
March		6,860,000	March..		6,780,000	March..		6,770,000	March..		5,690,000	March..		6,360,000
April		7,140,000	April ..		7,090,000	April ..		7,000,000	April ..		6,200,000	April ..		6,680,000
May		7,010,000	May....		6,990,000	May....		6,890,000	May....		6,240,000	May....		6,490,000
June		6,780,000	June....		6,750,000	June....		6,870,000	June....		5,970,000	June....		6,290,000
July		6,780,000	July....		6,190,000	July....		6,620,000	July....		5,950,000	July....		6,290,000
August		6,500,000	August ..		6,490,000	August ..		6,370,000	August ..		5,890,000	August ..		6,190,000
Sept.		6,690,000	Sept. ..		6,710,000	Sept. ..		6,620,000	Sept. ..		6,030,000	Sept. ..		6,350,000
October...		7,230,000	Oct....		7,090,000	Oct....		6,960,000	Oct....		6,300,000	Oct....		6,740,000
November		7,100,000	Nov....		6,940,000	Nov....		6,470,000	Nov....		6,390,000	Nov....		6,740,000
December		6,900,000	Dec.....		6,680,000	Dec....		5,630,000	Dec....		6,160,000	Dec....		6,430,000
1860.			1861.			1862.			1863.			1864.		
Average of Year. £6,450,000 = 100.			Average of Year. £6,130,000 = 100.			Average of Year. £6,120,000 = 100.			Average of Year. £6,040,000 = 100.			Average of Year. £5,980,000 = 100.		
January	£	6,590,000	Jan.....	£	6,360,000	Jan.....	£	6,260,000	Jan.....	£	6,050,000	Jan.....	£	6,070,000
February		6,350,000	Feb....		6,150,000	Feb....		6,100,000	Feb....		5,910,000	Feb....		5,980,000
March		6,410,000	March..		6,120,000	March..		6,050,000	March..		5,970,000	March..		6,010,000
April		6,710,000	April ..		6,470,000	April ..		6,430,000	April ..		6,370,000	April ..		6,310,000
May		6,590,000	May....		6,240,000	May....		6,270,000	May....		6,160,000	May....		6,210,000
June		6,350,000	June....		5,780,000	June....		5,980,000	June....		5,820,000	June....		5,920,000
July		6,450,000	July....		5,780,000	July....		5,950,000	July....		5,890,000	July....		5,980,000
August		6,270,000	August ..		5,680,000	August ..		5,780,000	August ..		5,750,000	August ..		5,790,000
Sept.		6,240,000	Sept. ..		5,910,000	Sept. ..		6,950,000	Sept. ..		5,930,000	Sept. ..		5,730,000
October...		6,650,000	Oct....		6,510,000	Oct....		6,440,000	Oct....		6,410,000	Oct....		6,120,000
November		6,500,000	Nov....		6,470,000	Nov....		6,270,000	Nov....		6,280,000	Nov....		5,940,000
December		6,270,000	Dec.....		6,080,000	Dec....		5,920,000	Dec....		6,020,000	Dec....		5,700,000

TABLE V. *continued.*—ANNUAL AVERAGES of Total English Country Note Circulation for the years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1865.			1866.			1867.			1868.			1869.		
Average of Year. £5,790,000 = 100.			Average of Year. £5,150,000 = 100.			Average of Year. £5,100,000 = 100.			Average of Year. £5,050,000 = 100.			Average of Year. £5,050,000 = 100.		
£			£			£			£			£		
January	5,700,000	98	Jan.	5,740,000	111	Jan.	5,400,000	106	Jan.	5,190,000	103	Jan.	5,160,000	102
February	5,720,000	99	Feb.	5,410,000	105	Feb.	5,010,000	98	Feb.	5,040,000	100	Feb.	5,050,000	100
March ..	5,630,000	97	March ..	5,320,000	103	March ..	4,970,000	98	March ..	5,070,000	100	March ..	5,080,000	101
April ...	5,890,000	102	April ...	5,620,000	109	April ...	5,260,000	103	April ...	5,350,000	106	April ...	5,330,000	105
May	5,870,000	101	May	5,420,000	105	May	5,150,000	101	May	5,180,000	103	May	5,210,000	103
June	5,640,000	97	June ..	4,820,000	93	June ..	4,910,000	96	June ..	4,870,000	96	June ..	4,840,000	95
July	5,210,000	90	July	4,700,000	91	July	4,890,000	93	July	4,820,000	95	July	4,870,000	96
August ..	5,580,000	96	August	4,650,000	90	August	4,740,000	96	August	4,720,000	93	August	4,760,000	94
September	5,760,000	99	Sept. ..	4,720,000	91	Sept. ..	4,880,000	96	Sept. ..	4,920,000	97	Sept. ..	4,850,000	95
October ..	6,110,000	106	Oct.	5,290,000	103	Oct.	5,390,000	106	Oct.	5,280,000	105	Oct.	5,230,000	105
November	5,900,000	102	Nov. ...	5,200,000	101	Nov. ...	5,270,000	103	Nov.	5,150,000	102	Nov. ...	5,170,000	102
December	5,680,000	98	Dec.	4,980,000	97	Dec.	5,280,000	103	Dec.	4,980,000	99	Dec.	4,960,000	98
1870.			1871.			1872.			1873.			1874.		
Average of Year. £4,910,000 = 100.			Average of Year. £5,050,000 = 100.			Average of Year. £5,100,000 = 100.			Average of Year. £5,070,000 = 100.			Average of Year. £4,980,000 = 100.		
£			£			£			£			£		
January	5,310,000	108	Jan.	5,050,000	100	Jan.	5,190,000	102	Jan.	5,130,000	101	Jan.	5,210,000	105
February	4,910,000	100	Feb.	4,890,000	97	Feb.	5,030,000	99	Feb.	5,010,000	99	Feb.	5,050,000	101
March ..	4,890,000	100	March ..	4,910,000	97	March ..	4,970,000	97	March ..	4,990,000	99	March ..	5,020,000	101
April ...	5,180,000	106	April ...	5,250,000	104	April ...	5,370,000	105	April ...	5,260,000	104	April ...	5,240,000	105
May	5,070,000	103	May	5,190,000	103	May	5,230,000	103	May	5,270,000	104	May	5,130,000	103
June	4,780,000	97	June ..	4,910,000	97	June ..	4,970,000	99	June ..	4,920,000	97	June ..	4,970,000	100
July	4,690,000	95	July	4,950,000	98	July	5,030,000	99	July	4,940,000	98	July	4,760,000	95
August ..	4,500,000	92	August	4,900,000	97	August	4,940,000	97	August ..	4,830,000	95	August ..	4,640,000	93
Sept.	4,640,000	94	Sept. ..	5,000,000	99	Sept. ..	5,050,000	99	Sept. ..	4,940,000	98	Sept. ..	4,790,000	96
October ..	5,100,000	104	Oct.	5,390,000	107	Oct.	5,380,000	106	Oct.	5,350,000	106	Oct.	5,170,000	104
November	5,060,000	103	Nov.	5,220,000	103	Nov.	5,150,000	101	Nov.	5,210,000	103	Nov. ...	5,030,000	101
December	4,870,000	99	Dec.	5,030,000	100	Dec.	4,970,000	97	Dec.	5,040,000	100	Dec. ...	4,820,000	97

TABLE VI.—AVERAGES OF TOTAL ENGLISH COUNTRY NOTE CIRCULATION for the ten years 1845-54; 1855-64; 1865-74; and for the thirty years 1845-74; showing that the fluctuations which take place from month to month in the English country note circulation, recur periodically in each year.

Average of Ten Years. 1845-54. £6,794,000 = 100.			Average of Ten Years. 1855-64. £6,344,000 = 100.		
	£			£	
January	6,862,000	101	January	6,415,000	101
February	6,731,000	99	February	6,235,000	98
March	6,748,000	99	March	6,302,000	99
April	7,117,000	105	April	6,640,000	105
May	7,002,000	103	May	6,508,000	103
June	6,676,000	98	June	6,251,000	98
July	6,658,000	98	July	6,170,000	97
August	6,494,000	96	August	6,062,000	95
September ..	6,625,000	98	September ..	6,216,000	98
October	7,130,000	105	October	6,645,000	105
November ..	6,885,000	101	November ..	6,510,000	103
December ..	6,601,000	97	December ..	6,179,000	97

Average of Ten Years. 1865-74. £5,118,000 = 100.			Average of Thirty Years. 1845-74. £6,084,000 = 100.		
	£			£	
January	5,268,000	103	January	6,181,000	102
February	5,112,000	100	February	6,026,000	99
March	5,085,000	99	March	6,045,000	99
April	5,375,000	105	April	6,369,000	105
May	5,272,000	103	May	6,261,000	103
June	4,963,000	97	June	5,963,000	98
July	4,886,000	95	July	5,905,000	97
August	4,826,000	94	August	5,794,000	95
September ..	4,955,000	97	September ..	5,932,000	97
October ..	5,375,000	105	October	6,383,000	105
November ..	5,236,000	102	November ..	6,210,000	102
December ..	5,061,000	99	December ..	5,947,000	98

TABLE VII.—SHOWING THE INCREASE IN THE PROVINCIAL NOTE CIRCULATION OF ENGLAND, in October as compared with August in each year, and the Annual Average Provincial Note Circulation from 1815 to 1874:—

Year.	Private and Joint Stock Bank Note Circulation in August and October.	Larger in October than in August.	Proportion to 1815. 1845 = 100.	Private and Joint Stock Banks.	Annual Average Circulation.	Total Average Circulation.	Proportion to 1815. 1845 = 100.
1845.							
August	7,526,000	..	..	Private ..	4,510,000		
October	8,117,000	591,000	100	Joint Stock	3,190,000	7,700,000	100
1846.							
August	7,394,000	..	..	Private ..	4,550,000		
October	8,134,000	740,000	125	Joint Stock	3,170,000	7,720,000	100
1847.							
August	7,170,000	..	..	Private ..	4,320,000		
October	7,568,000	398,000	67	Joint Stock	3,040,000	7,360,000	96
1848.							
August	5,952,000	..	..	Private ..	3,660,000		
October	6,775,000	823,000	139	Joint Stock	2,600,000	6,260,000	81
1849.							
August	5,855,000	..	..	Private ..	3,560,000		
October	6,555,000	700,000	118	Joint Stock	2,630,000	6,190,000	80
1850.							
August	6,056,000	..	..	Private ..	3,580,000		
October	6,647,000	591,000	100	Joint Stock	2,740,000	6,320,000	82
1851.							
August	5,838,000	..	..	Private ..	3,460,000		
October	6,430,000	592,000	100	Joint Stock	2,740,000	6,200,000	80
1852.							
August	6,177,000	..	..	Private ..	3,550,000		
October	6,896,000	719,000	122	Joint Stock	2,860,000	6,410,000	83
1853.							
August	6,627,000	..	..	Private ..	3,800,000		
October	7,162,000	535,000	90	Joint Stock	3,050,000	6,850,000	89
1854.							
August	6,337,000	..	..	Private ..	3,770,000		
October	7,107,000	770,000	130	Joint Stock	3,030,000	6,800,000	88
1855.							
August	6,505,000	..	..	Private ..	3,830,000		
October	7,232,000	727,000	123	Joint Stock	3,050,000	6,880,000	89
1856.							
August	6,493,000	..	..	Private ..	3,750,000		
October	7,092,000	599,000	101	Joint Stock	3,050,000	6,800,000	88
1857.							
August	6,370,000	..	..	Private ..	3,620,000		
October	6,960,000	590,000	100	Joint Stock	3,010,000	6,630,000	86
1858.							
August	5,807,000	..	..	Private ..	3,240,000		
October	6,308,000	501,000	85	Joint Stock	2,760,000	6,000,000	78
1859.							
August	6,196,000	..	..	Private ..	3,440,000		
October	6,744,000	548,000	93	Joint Stock	2,990,000	6,430,000	83

TABLE VII. *continued.*—SHOWING THE INCREASE IN THE PROVINCIAL NOTE CIRCULATION OF ENGLAND in October as compared with August in each year, and the Annual Average Provincial Note Circulation from 1845 to 1874:—

Year.	Private and Joint Stock Bank Note Circulation in August and October.	Larger in October than in August.	Proportion to 1845. 1845=100.	Private and Joint Stock Banks.	Annual Average Circulation.	Total Average Circulation.	Proportion to 1845. 1845=100.
1860.							
August	6,277,000	..	..	Private ..	3,440,000		
October	6,650,000	373,000	63	Joint Stock	3,000,000	6,440,000	84
1861.							
August	5,678,000	..	..	Private ..	3,220,000		
October	6,510,000	832,000	141	Joint Stock	2,890,000	6,110,000	79
1862.							
August	5,778,000	..	..	Private ..	3,220,000		
October	6,445,000	667,000	113	Joint Stock	2,890,000	6,110,000	79
1863.							
August	5,754,000	..	..	Private ..	3,140,000		
October	6,416,000	662,000	112	Joint Stock	2,880,000	6,020,000	78
1864.							
August	5,795,000	..	..	Private ..	3,110,000		
October	6,120,000	325,000	55	Joint Stock	2,850,000	5,960,000	77
1865.							
August	5,587,000	..	..	Private ..	2,950,000		
October	6,110,000	523,000	88	Joint Stock	2,850,000	5,800,000	75
1866.							
August	4,652,000	..	..	Private ..	2,760,000		
October	5,295,000	643,000	109	Joint Stock	2,280,000	5,040,000	65
1867.							
August	4,740,000	..	..	Private ..	2,730,000		
October	5,390,000	650,000	110	Joint Stock	2,300,000	5,030,000	65
1868.							
August	4,724,000	..	..	Private ..	2,740,000		
October	5,280,000	556,000	94	Joint Stock	2,300,000	5,040,000	65
1869.							
August	4,767,000	..	..	Private ..	2,730,000		
October	5,288,000	521,000	88	Joint Stock	2,330,000	5,060,000	66
1870.							
August	4,500,000	..	..	Private ..	2,590,000		
October	5,102,000	602,000	102	Joint Stock	2,300,000	4,890,000	63
1871.							
August	4,905,000	..	..	Private ..	2,680,000		
October	5,395,000	490,000	83	Joint Stock	2,380,000	5,060,000	66
1872.							
August	4,940,000	..	..	Private ..	2,700,000		
October	5,382,000	442,000	75	Joint Stock	2,390,000	5,090,000	66
1873.							
August	4,828,000	..	..	Private ..	2,640,000		
October	5,355,000	527,000	89	Joint Stock	2,400,000	5,040,000	65
1874.							
August	4,648,000	..	..	Private ..	2,600,000		
October	5,168,000	520,000	88	Joint Stock	2,360,000	4,960,000	64

TABLE VIII.—SHOWING THE DIMINUTION IN THE PROVINCIAL NOTE CIRCULATION OF ENGLAND in August as compared with April in each year, and the Annual Average Provincial Note Circulation from 1845 to 1874.

Year.	Private and Joint Stock Bank Note Circulation in April and August.	Smaller in August than in April.	Proportion to 1845. 1845 = 100.	Private and Joint Stock Banks.	Annual Average Circulation.	Total Average Circulation.	Proportion to 1845. 1845 = 100.
1845.							
April	7,990,000	..	..	Private ..	4,510,000		
August	7,526,000	464,000	100	Joint Stock	3,190,000	7,700,000	100
1846.							
April	8,040,000	..	..	Private ..	4,550,000		
August	7,394,000	646,000	139	Joint Stock	3,170,000	7,720,000	100
1847.							
April	8,020,000	..	..	Private ..	4,320,000		
August	7,170,000	850,000	183	Joint Stock	3,040,000	7,360,000	96
1848.							
April	6,640,000	..	..	Private ..	3,660,000		
August	5,952,000	648,000	140	Joint Stock	2,600,000	6,260,000	81
1849.							
April	6,560,000	..	..	Private ..	3,560,000		
August	5,855,000	705,000	152	Joint Stock	2,630,000	6,190,000	80
1850.							
April	6,610,000	..	..	Private ..	3,580,000		
August	6,056,000	554,000	119	Joint Stock	2,740,000	6,320,000	82
1851.							
April	6,580,000	..	..	Private ..	3,460,000		
August	5,838,000	742,000	160	Joint Stock	2,740,000	6,200,000	80
1852.							
April	6,580,000	..	..	Private ..	3,550,000		
August	6,177,000	403,000	87	Joint Stock	2,860,000	6,410,000	83
1853.							
April	7,050,000	..	..	Private ..	3,800,000		
August	6,627,000	423,000	91	Joint Stock	3,050,000	6,850,000	89
1854.							
April	7,100,000	..	..	Private ..	3,770,000		
August	6,337,000	763,000	165	Joint Stock	3,030,000	6,800,000	88
1855.							
April	7,140,000	..	..	Private ..	3,830,000		
August	6,505,000	635,000	137	Joint Stock	3,050,000	6,880,000	89
1856.							
April	7,090,000	..	..	Private ..	3,750,000		
August	6,493,000	597,000	129	Joint Stock	3,050,000	6,800,000	88
1857.							
April	7,000,000	..	..	Private ..	3,620,000		
August	6,370,000	630,000	136	Joint Stock	3,010,000	6,630,000	86
1858.							
April	6,200,000	..	..	Private ..	3,240,000		
August	5,807,000	393,000	85	Joint Stock	2,760,000	6,000,000	78
1859.							
April	6,680,000	..	..	Private ..	3,440,000		
August	6,196,000	484,000	104	Joint Stock	2,990,000	6,430,000	83

TABLE VIII. *continued.*—SHOWING THE DIMINUTION IN THE PROVINCIAL NOTE CIRCULATION OF ENGLAND IN August as compared with April in each year, and the Annual Average Provincial Note Circulation from 1845 to 1874.

Year.	Private and Joint Stock Bank Note Circulation in April and August.	Smaller in August than in April.	Proportion to 1845. 1845 = 100.	Private and Joint Stock Banks.	Annual Average Circulation.	Total Average Circulation.	Proportion to 1845. 845 = 100.
1860.							
April	6,710,000	..	..	Private ..	3,440,000		
August	6,277,000	433,000	93	Joint Stock	3,000,000	6,440,000	84
1861.							
April	6,470,000	..	..	Private ..	3,220,000		
August	5,678,000	792,000	171	Joint Stock	2,890,000	6,110,000	79
1862.							
April	6,430,000	..	..	Private ..	3,220,000		
August	5,778,000	652,000	141	Joint Stock	2,890,000	6,110,000	79
1863.							
April	6,370,000	..	..	Private ..	3,140,000		
August	5,754,000	616,000	132	Joint Stock	2,880,000	6,020,000	78
1864.							
April	6,310,000	..	..	Private ..	3,110,000		
August	5,795,000	515,000	111	Joint Stock	2,850,000	5,960,000	77
1865.							
April	5,890,000	..	..	Private ..	2,950,000		
August	5,587,000	303,000	65	Joint Stock	2,850,000	5,800,000	75
1866.							
April	5,620,000	..	..	Private ..	2,760,000		
August	4,652,000	968,000	209	Joint Stock	2,280,000	5,040,000	65
1867.							
April	5,260,000	..	..	Private ..	2,730,000		
August	4,740,000	520,000	112	Joint Stock	2,300,000	5,030,000	65
1868.							
April	5,350,000	..	..	Private ..	2,740,000		
August	4,724,000	626,000	135	Joint Stock	2,300,000	5,040,000	65
1869.							
April	5,330,000	..	..	Private ..	2,730,000		
August	4,767,000	563,000	121	Joint Stock	2,330,000	5,060,000	66
1870.							
April	5,180,000	..	..	Private ..	2,590,000		
August	4,500,000	680,000	147	Joint Stock	2,300,000	4,890,000	63
1871.							
April	5,250,000	..	..	Private ..	2,680,000		
August	4,905,000	345,000	74	Joint Stock	2,380,000	5,060,000	66
1872.							
April	5,370,000	..	..	Private ..	2,700,000		
August	4,940,000	430,000	93	Joint Stock	2,390,000	5,090,000	66
1873.							
April	5,260,000	..	..	Private ..	2,640,000		
August	4,828,000	432,000	93	Joint Stock	2,400,000	5,040,000	65
1874.							
April	5,240,000	..	..	Private ..	2,600,000		
August	4,648,000	592,000	127	Joint Stock	2,360,000	4,960,000	64

TABLE IX.—NAMES of BANKS, BOTH PRIVATE AND JOINT-STOCK, IN ENGLAND AND WALES, AUTHORISED TO ISSUE NOTES, in April, 1875; the amounts of the *authorised* issue and of the *actual* average issue of each bank during the year 1874; the proportion of each actual issue to the authorised issue; the names of the places where the head office of each bank is situated; and a description of the locality in which the business is carried on.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
13 CARLISLE, CITY AND DISTRICT BANK	£ 19,972	£ 19,857	Per Ct. 99	<i>Carlisle</i> . Mixed district. Agricultural and manufacturing.
24 HELSTON BANKING COMPANY	1,503	1,494	"	<i>Helston</i> . Agricultural and Mining.
78 Peases' Old Bank, Hull. <i>Peases, Hoare & Pease</i> .	48,807	48,515	"	<i>Hull</i> . Seaport, and population increasing.
38 Sheffield Banking Com- pany.	35,843	35,530	"	<i>Sheffield</i> . Manufacturing. Population increasing.
31 Darlington Bank. <i>Jona- than Backhouse & Co.</i>	86,218	84,789	98	<i>Darlington</i> . Ditto.
3 BRADFORD BANKING COMPANY.	49,292	48,586	"	<i>Bradford</i> . Ditto.
5 BRADFORD COMMERCIAL BANKING COMPANY.	20,084	19,786	"	<i>Bradford</i> . Ditto.
29 Derby Old Bank. <i>Crompton, Newton & Co.</i>	27,237	26,684	"	<i>Derby</i> . Ditto.
21 HULL BANKING COM- PANY.	29,333	28,897	"	<i>Hull</i> . Seaport. Ditto.
43 SHEFFIELD AND ROTHER- HAM JOINT STOCK BANK.	52,496	51,305	"	<i>Sheffield</i> . Manufacturing. Population increasing.
43 Hull and Kingston-on- Hull Bank. <i>Samuel Smith, Bros., & Co.</i>	19,979	19,659	"	<i>Hull</i> . Seaport. Popula- tion increasing.
50 WEST RIDING UNION BANKING COMPANY	34,029	33,465	"	<i>Huddersfield</i> . Manufac- turing. Population increasing.
54 Leeds Union Bank. <i>Williams, Williams, Brown & Co.</i>	37,459	36,834	"	<i>Leeds</i> . Ditto.
57 Scarborough Old Bank. <i>Woodall, Hebden & Co.</i>	24,813	24,331	"	<i>Scarborough</i> . Watering place, and population increasing.
53 YORK UNION BANKING COMPANY, YORK	71,240	69,965	"	<i>York</i> . Agricultural Dis- trict.
35 East Riding Bank. <i>Beckett & Co.</i>	53,392	52,071	97	<i>Beverley</i> . Agricultural and Trading. Popula- tion of district increas- ing.
12 CARLISLE AND CUMBER- LAND BANKING COM- PANY.	25,610	24,826	"	<i>Carlisle</i> . Agricultural.

TABLE IX. *continued.*—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
	£	£	Per Ct.	
17 DARLINGTON DISTRICT JOINT STOCK BANKING COMPANY.	26,134	25,592	"	<i>Darlington.</i> Manufactur- ing. Population in creasing.
17 Burlington and Driffield Bank. <i>Harding, Mort- lock & Co.</i>	12,745	12,328	"	<i>Burlington.</i> Seaport with large corn trade, and watering place.
42 Sheffield and Hallam- shire Banking Com- pany.	23,524	22,748	"	<i>Sheffield.</i> Manufacturing.
105 Whitby Old Bank. <i>Simpson, Chapman & Co.</i>	14,258	13,791	"	<i>Whitby.</i> Seaport and Agricultural.
73 Nottingham Bank. <i>Samuel Smith & Co.</i>	31,047	30,029	"	<i>Nottingham.</i> Manufac- turing, and population increasing.
52 Kendal Bank. <i>Wake- field, Crewdson & Co.</i>	44,663	43,245	"	<i>Kendal.</i> Mixed district, partly manufacturing, with population largely increasing.
48 WEST OF ENGLAND AND SOUTH WALES DIS- TRICT BANK.	83,535	81,256	"	<i>Bristol.</i> Mixed district, manufacturing and agricultural.
64 Miner's Bank. <i>Willy- ams, Willyams & Co.</i>	18,688	18,135	"	<i>St. Columb.</i> Agricultural and mining.
55 YORKSHIRE BANKING COMPANY.	122,532	119,113	"	<i>Leeds.</i> Mixed district, agricultural and manu- facturing.
53 Leeds Bank. <i>Beckett and Co.</i>	130,757	125,937	96	<i>Leeds.</i> Manufacturing and Agricultural District.
26 Craven Bank. <i>Birkbeck and Co.</i>	77,154	74,005	"	<i>Settle.</i> District partly manufacturing and population increasing.
14 COUNTY OF STAFFORD BANK	9,418	9,047	"	<i>Wolverhampton.</i> Manu- facturing.
8 CUMBERLAND UNION BANKING COMPANY.	35,395	33,967	"	<i>Carlisle.</i> Mixed, agri- cultural and manufac- turing.
16 DERBY AND DERBYSHIRE BANKING COMPANY.	20,093	19,351	"	<i>Derby.</i> Manufacturing.
28 LINCOLN AND LINDSEY BANKING COMPANY.	51,620	49,778	"	<i>Lincoln.</i> Agricultural.
82 Richmond Bank, York- shire. <i>Roper & Priest- man</i>	6,889	6,676	"	<i>Richmond, Yorkshire.</i> Agricultural.
49 WILTS AND DORSET BANKING COMPANY.	76,162	73,356	"	<i>Salisbury.</i> Agricultural and mixed.
54 YORK CITY AND COUNTY BANKING COMPANY.	94,695	90,911	"	<i>York.</i> Mixed district, agricultural and manu- facturing.
96 Thrapstone and Ketter- ing Bank. <i>Eland and Eland.</i>	11,559	11,030	95	<i>Thrapstone.</i> Manufac- turing.

TABLE IX. *continued*.—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
20 HUDDERSFIELD BANK- ING COMPANY.	£ 37,354	£ 35,551	95	<i>Huddersfield.</i> Manufac- turing, population increasing.
25 KNARESBORO' & CLARO BANKING COMPANY.	28,059	26,680	„	<i>Knaresboro'.</i> Agricul- tural, and population stationary.
46 WAKEFIELD AND BARNS- LEY UNION BANK	14,604	13,906	„	<i>Wakefield.</i> Manufac- turing.
2 BARNSLEY BANKING COMPANY.	9,563	8,968	94	<i>Barnsley.</i> Manufacturing and mining, and popu- lation increasing.
7 CHESTERFIELD AND NORTH DERBYSHIRE BANKING COMPANY.	10,421	9,868	„	<i>Chesterfield.</i> Agricultural.
19 HALIFAX JOINT STOCK BANK.	18,534	17,391	„	<i>Halifax.</i> Manufacturing, population increasing.
104 West Riding Bank, Wakefield. <i>Leatham, Tew & Co.</i>	46,158	43,345	„	<i>Wakefield.</i> Ditto.
44 SWALEDALE AND WENS- LEYDALE BANKING COMPANY.	54,372	51,080	„	<i>Richmond, Yorkshire</i> Agricultural.
59 Loughborough Bank. <i>Middleton, Cradock and Middleton.</i>	7,359	6,876	93	<i>Loughborough.</i> Agri- cultural, population stationary.
36 NORTH AND SOUTH WALES BANK, LIVER- POOL.	63,951	59,698	„	<i>Liverpool.</i> Mixed district.
4 BANK OF WHITEHAVEN	32,681	30,136	92	<i>Whitehaven.</i> Seaport, and manufacturing district.
10 COVENTRY UNION BANK- ING COMPANY.	16,251	15,034	„	<i>Coventry.</i> Population of city decreasing, dis- trict agricultural and stationary.
18 GLOUCESTERSHIRE BANKING COMPANY.	155,920	144,145	„	<i>Gloucester.</i> Agricultural.
26 LANCASTER BANKING COMPANY.	64,311	59,342	„	<i>Lancaster.</i> Mixed district, agricultural and manu- facturing.
37 PARES LEICESTERSHIRE BANKING COMPANY.	59,300	54,043	91	<i>Leicester.</i> Ditto, ditto.
57 Lincoln Bank. <i>Smith, Ellison & Co.</i>	100,342	91,074	„	<i>Lincoln.</i> Agricultural.
14 Bedfordshire, Leighton Buzzard Bank. <i>Basset and Co.</i>	36,829	33,011	90	<i>Leighton Buzzard.</i> Do.

TABLE IX. *continued.*—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
	£	£	Per Ct.	
97 Tring Bank & Chesham Bank, Herts & Bucks. <i>Thomas Butcher & Sons.</i>	13,531	12,254	90	<i>Tring.</i> Agricultural.
22 HALIFAX COMMERCIAL BANKING COMPANY.	13,733	12,440	"	<i>Halifax.</i> Manufacturing, population increasing.
1 Ashford Bank. <i>Pomfret, Burra & Co.</i>	11,849	10,652	"	<i>Ashford.</i> Increase of population in 1871 as compared with 1861. Near Ashford, an im- portant railway junc- tion.
51 Knaresboro' Old Bank. <i>Harrison & Co.</i>	21,825	19,559	"	<i>Knaresboro'.</i> Agricultural and mixed district.
39 STAMFORD, SPALDING, AND BOSTON BANKING COMPANY.	55,721	49,897	89	<i>Stamford.</i> Agricultural.
47 WHITEHAVEN JOINT STOCK BANKING COM- PANY.	31,916	28,546	"	<i>Whitehaven.</i> Mixed dis- trict, agricultural and manufacturing.
1 BANK OF WESTMORE- LAND. Bedford Bank. <i>Thos. Barnard & Co.</i>	12,225 34,218	10,611 29,795	87 "	<i>Kendal.</i> Agricultural. <i>Bedford.</i> Agricultural, population of district nearly stationary.
32 NOTTINGHAM AND NOTTS BANKING COMPANY.	29,477	25,603	"	<i>Nottingham.</i> Mixed dis- trict, manufacturing and agricultural.
40 STUCKEY'S BANKING COMPANY.	356,976	311,641	"	<i>Langport.</i> Do. do.
30 LUDLOW AND TENBURY BANK.	10,215	8,769	86	<i>Ludlow.</i> Agricultural, population stationary.
40 Godalming Bank. <i>Mellersh & Co.</i>	6,322	5,472	"	<i>Godalming.</i> Agricultural.
20 Cambridge and Cam- bridgeshire Bank. <i>Foster & Foster.</i>	49,916	42,703	85	<i>Cambridge.</i> University and agricultural dis- trict.
31 MOORE AND ROBINSON'S NOTTS BANKING COM- PANY, NOTTINGHAM.	35,813	30,587	"	<i>Nottingham.</i> Manufac- turing.
75 Oxford Old Bank. <i>Parsons & Co.</i>	34,391	29,228	"	<i>Oxford.</i> University and agricultural.
41 STOURBRIDGE AND KIDDERMINSTER BANK- ING COMPANY.	56,830	48,303	"	<i>Stourbridge.</i> Manufac- turing.
114 York Bank. <i>Swann and Co.</i>	46,387	39,606	"	<i>York.</i> Agricultural.
23 HALIFAX AND HUDDERS- FIELD UNION BANK.	44,137	37,243	84	<i>Halifax.</i> Manufacturing, population increasing.

TABLE IX. *continued*.—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
39 Faversham Bank. <i>Hilton & Rigden.</i>	£ 6,681	£ 5,630	Per Ct. 84	<i>Faversham.</i> Agricultural and seaport.
27 Derby Bank. <i>Evans and Co.</i>	13,332	11,073	83	<i>Derby.</i> Manufacturing.
11 Bury St. Edmunds Bank. <i>Worledge, Huddleston & Co.</i>	3,201	2,672	„	<i>Bury St. Edmunds.</i> Agri- cultural, population of district stationary or decreasing.
76 Old Bank, Tonbridge, Kent. <i>H. S., A. T. and A. Beeching.</i>	13,183	10,886	82	<i>Tonbridge.</i> Agricultural, population of town increasing.
67 Newark and Sleaford Bank, Notts. <i>Handley, Peacock & Co.</i>	51,615	42,605	„	<i>Newark.</i> Agricultural population stationary.
29 LEAMINGTON PRIORS AND WARWICKSHIRE BANKING COMPANY.	13,875	11,417	„	<i>Leamington.</i> Agricultural district.
49 Kentish Bank. <i>Wigan, Mercers & Co.</i>	19,895	16,132	81	<i>Maidstone.</i> Agricultural.
7 Boston Bank. <i>Claypons, Garfit & Co.</i>	75,069	59,851	80	<i>Boston.</i> Seaport, popula- tion nearly stationary.
28 Derby Bank. <i>Smith and Co.</i>	41,304	32,969	„	<i>Derby.</i> Manufacturing.
92 Shrewsbury and Welch- pool Bank. <i>Beck & Co.</i>	25,336	20,097	79	<i>Shrewsbury.</i> Agricultural.
46 Hertfordshire, Hitchin Bank. <i>Sharples & Co.</i>	38,764	30,620	„	<i>Hitchin.</i> Ditto.
70 Norwich and Norfolk Bank. <i>Gurneys, Birk- beck & Co.</i>	105,519	81,720	77	<i>Norwich.</i> Manufacturing city and agricultural district.
41 Guildford Bank. <i>Haydon and Co.</i>	14,524	11,221	„	<i>Guildford.</i> Agricultural.
27 LEICESTERSHIRE BANK- ING COMPANY.	86,060	65,786	„	<i>Leicester.</i> Manufacturing.
6 BURTON, UTTOKETER, AND ASHBURN UNION BANK (DERBYSHIRE AND STAFFORDSHIRE).	60,701	46,257	76	<i>Burton-upon-Trent.</i> Agri- cultural district, popu- lation stationary.
102 Warwick and Warwick- shire Bank. <i>Greenway and Co.</i>	30,504	22,919	„	<i>Warwick.</i> Agricultural.
71 Naval Bank, Plymouth. <i>Harris & Co.</i>	27,321	20,841	„	<i>Plymouth.</i> Seaport.
55. Leicester Bank. <i>T. & T. T. Paget.</i>	32,322	24,644	„	<i>Leicester.</i> Manufacturing

TABLE IX. *continued.*—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
	£	£	Per Ct.	
50 Kington and Radnor- shire Bank. <i>Davies & Co.</i>	26,050	19,045	73	Kington. Agricultural.
33 Dorchester Old Bank. <i>Williams & Co.</i>	48,807	35,768	"	Dorchester. Agricultural, population nearly sta- tionary.
79 Penzance Bank. <i>Batten and Co.</i>	11,405	8,208	72	Penzance. Fishing and agricultural district.
34 East Cornwall Bank. <i>Robins & Co.</i>	112,280	81,131	"	Liskeard. Agricultural and mining, population in some districts dimi- nishing.
45 Harwich Bank. <i>Cox & Co.</i>	5,778	4,133	71	Harwich. Seaport and agricultural district.
62 Lynn Regis and Norfolk Bank. <i>Jarvis & Co.</i>	13,917	9,854	"	Lynn. Agricultural.
35 NORTHAMPTONSHIRE BANKING COMPANY.	26,401	18,629	"	Northampton. Mixed district, agricultural and manufacturing.
34 NORTHAMPTONSHIRE UNION BANK.	84,356	58,172	70	Northampton. Do. do.
47 Ipswich Bank. <i>Bacon and Co.</i>	21,901	15,195	69	Ipswich. Seaport and agricultural district.
58 Llandovery Bank and Llandilo Bank. <i>D. Jones & Co.</i>	32,945	22,651	"	Llandovery. Agricultural, population stationary or decreasing.
107 Weymouth Old Bank. <i>Eliot & Co.</i>	16,461	11,150	68	Weymouth. Seaport and agricultural district.
66 Newark Bank. <i>Godfrey and Riddell.</i>	28,788	19,654	"	Newark. Agricultural, population stationary
69 Newmarket Bank. <i>Hammond & Co.</i>	23,098	15,254	66	Newmarket. Do. do.
15 Brecon Old Bank. <i>Wil- kins & Co.</i>	68,271	44,945	"	Brecon. Agricultural, population nearly sta- tionary.
112 Yarmouth and Suffolk Bank. <i>Gurneys & Co.</i>	53,060	34,463	65	Great Yarmouth. Sea- port and agricultural district.
11 COUNTY OF GLOUCESTER BANKING COMPANY.	144,352	91,615	63	Cheltenham. Agricultural.
103 Wellington, Somerset Bank. <i>Fox & Co.</i>	6,528	4,088	"	Wellington. Do.
42 Grantham Bank. <i>Hardy and Co.</i>	30,372	19,272	"	Grantham. Do.
113 Yarmouth, Norfolk, and Suffolk Bank. <i>Lacons and Co.</i>	13,229	8,378	"	Great Yarmouth. Sea- port and agricultural.

TABLE IX. *continued.*—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
61 Lynn Regis and Lin- colnshire Bank. <i>Gur- neys & Co.</i>	£ 42,817	£ 26,477	Per Ct. 62	<i>Lynn, Norfolk.</i> Seaport and agricultural.
10 Buckingham Bank. <i>Barlett & Co.</i>	29,657	18,224	61	<i>Buckingham.</i> Agricul- tural, population de- clining.
93 Tavistock Bank. <i>Gill, Sons & Co.</i>	13,421	8,158	"	<i>Tavistock.</i> Agricultural and mining, population decreasing.
21 Canterbury Bank. <i>Hammond & Co.</i>	33,671	20,418	"	<i>Canterbury.</i> Agricultural and population of city declining.
94 Thornbury Bank, Glou- cestershire. <i>Harwood, Hatcher & Co.</i>	10,026	6,102	"	<i>Thornbury.</i> Agricultural.
63 Macclesfield Bank. <i>Brocklehurst & Co.</i>	15,760	9,525	60	<i>Macclesfield.</i> Manufac- turing, but population decreasing.
109 Wisbech and Lincoln- shire Bank. <i>Gurneys, Birkbeck & Peckovers.</i>	59,713	35,467	59	<i>Wisbech.</i> Seaport and agricultural district.
33 NORTH WILTS BANKING COMPANY.	63,939	37,982	"	<i>Melksham.</i> Agricultural.
81 Reading Bank. <i>Stephens, Blandy & Co.</i>	43,271	25,018	58	<i>Reading.</i> Do.
99 Union Bank. <i>Vivian, Grylls, Kendall & Co.</i>	17,003	9,781	"	<i>Helston.</i> Do.
51 WHITCHURCH AND ELLS- MERE BANKING COM- PANY (SALOP).	7,475	4,371	"	<i>Whitchurch, Salop.</i> Agri- cultural, population stationary.
9 COVENTRY AND WAR- WICKSHIRE BANKING COMPANY.	28,734	16,581	57	<i>Coventry.</i> Population of city decreasing, dis- trict agricultural, sta- tionary.
24 Cornish Bank. <i>Tweedy and Co.</i>	49,869	28,424	"	<i>Truro.</i> Agricultural and mining, decrease of population in district.
16 Brighton Union Bank. <i>Hall, Lloyd, Bevan & West.</i>	33,794	19,041	56	<i>Brighton.</i> Watering place.
77 Oxfordshire Witney Bank. <i>John Williams Clinch & Sons.</i>	11,852	6,553	55	<i>Witney.</i> Agricultural.

TABLE IX. *continued.*—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
48 Ipswich and Needham Market Bank. <i>Alex- anders & Co.</i>	£ 80,699	£ 43,829	Per Ct. 54	<i>Ipswich.</i> Seaport and agricultural district.
25 City Bank, Exeter. <i>Milford, Snow & Co.</i>	21,527	11,631	„	<i>Exeter.</i> Agricultural.
56 Lewes Old Bank. <i>Whitfeld & Co.</i>	44,836	24,284	„	<i>Lewes.</i> Do.
11 Bury and Suffolk Bank. <i>Oakes, Bevan & Co.</i>	82,362	44,116	53	<i>Bury St. Edmund's.</i> Agri- cultural, population of district stationary or decreasing.
9 Broseley and Bridgnorth Bank. <i>Pritchard & Co.</i>	26,717	14,182	„	<i>Broseley.</i> Mining and iron, but population of district declining.
80 Reading Bank. <i>Simonds and Co.</i>	37,519	19,881	„	<i>Reading.</i> Agricultural district.
23 Colchester and Essex Bank. <i>Mills, Errington, Bawtree & Co.</i>	48,704	25,664	52	<i>Colchester.</i> Do.
36 Essex Bank and Bishop Stortford Bank. <i>Spar- ron, Tufnell & Co.</i>	69,637	36,255	„	<i>Chelmsford.</i> Do.
45 WOLVERHAMPTON AND STAFFORDSHIRE BANK.	35,378	18,333	„	<i>Wolverhampton.</i> Manu- facturing.
111 Worcester Old Bank. <i>Berwick & Co.</i>	87,448	44,441	51	<i>Worcester.</i> Do.
12 Banbury Bank. <i>J. C. and A. Gillett.</i>	43,457	22,098	„	<i>Banbury.</i> Agricultural, population stationary.
32 Devonport Bank. <i>Hodge and Co.</i>	10,664	5,419	„	<i>Devonport.</i> Seaport.
88 Shrewsbury Old Bank. <i>Rocke, Eyton & Co.</i>	43,191	22,123	„	<i>Shrewsbury.</i> Agricul- tural.
60 Lymington Bank. <i>S. Barbe & Co.</i>	5,038	2,565	„	<i>Lymington.</i> Small sea- port and agricultural.
19 Cambridge Bank. <i>Mort- lock & Co.</i>	25,744	12,784	50	<i>Cambridge.</i> University.
83 Royston Bank. <i>John George Fordham & Sons</i>	16,393	8,015	49	<i>Royston.</i> Agricultural.
6 Bicester and Oxfordshire Bank. <i>G. and H. Tubb.</i>	27,090	13,146	48	<i>Bicester.</i> Agricultural, population of district stationary or declining.
22 Colchester Bank. <i>Round, Green & Co.</i>	25,082	11,885	47	<i>Colchester.</i> Agricultural.
44 Huntingdon Town and County Bank. <i>Veasey, Desborough & Co.</i>	56,591	26,881	„	<i>Huntingdon.</i> Agricul- tural, population sta- tionary.

TABLE IX. *continued*.—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
95 Tiverton and Devon- shire Bank. <i>Dunsford and Co.</i>	£ 13,470	£ 6,157	Per Ct. 46	<i>Tiverton.</i> Agricultural.
37 Exeter Bank. <i>Sanders and Co.</i>	37,894	17,124	45	<i>Exeter.</i> Do.
2 ^a Aylesbury Old Bank. <i>T. R. Cobb & Co.</i>	48,461	21,397	44	<i>Aylesbury.</i> Agricultural, population of district nearly stationary.
98 Towcester Old Bank. <i>Mercer, Whitworth and Wallis.</i>	10,801	4,760	„	<i>Towcester, Notts.</i> Agri- cultural, population stationary.
3 Baldock and Biggles- wade Bank. <i>Wells, Hogge and Lindsell.</i>	37,223	16,581	„	<i>Baldock.</i> Agricultural, population of district stationary.
74 Oswestry Bank. <i>Croxon, Jones & Co.</i>	18,471	7,603	41	<i>Oswestry.</i> Agricultural.
38 Farnham Bank. <i>James Knight and Sons.</i>	14,202	5,662	40	<i>Farnham.</i> Do.
91 Stamford and Rutland Bank. <i>Eaton & Co.</i>	31,858	12,402	39	<i>Stamford.</i> Agricultural.
8 Bristol Bank. <i>Miles & Co.</i>	48,277	19,062	„	<i>Bristol.</i> Seaport and manufacturing.
85 Saffron Walden and North Essex Bank. <i>Gibson & Co.</i>	47,646	18,366	38	<i>Saffron Walden.</i> Agri- cultural.
89 Sittingbourne and Mil- ton Bank, Kent. <i>Val- lance & Co.</i>	4,789	1,825	„	<i>Sittingbourne.</i> Do.
106 Winchester, Alresford, and Alton Bank. <i>Bul- pett & Co.</i>	25,892	8,872	34	<i>Winchester.</i> Do.
68 Newbury Bank, Berk- shire. <i>Matthews, Slocock, Bunny & Co.</i>	36,787	12,247	33	<i>Newbury.</i> Agricultural, population stationary.
110 Wiveliscombe Bank (Somerset). <i>W. Han- cock.</i>	7,602	2,365	31	<i>Wiveliscombe.</i> Agricul- tural, population sta- tionary.
13 Banbury Old Bank. <i>Cobb & Son.</i>	55,153	16,751	30	<i>Banbury.</i> Agricultural, population stationary.
90 Southampton Town and County Bank. <i>Mad- dison & Co.</i>	25,359	7,620	„	<i>Southampton.</i> Seaport and agricultural dis- trict.

TABLE IX. *continued*.—Authorised and Actual Circulation of Issuing Banks in England and Wales, 1874.

1	2	3	4	5
Name and Description of Bank.	Authorised Issue.	Actual Ave- rage Issue in 1874.	Proportion of Actual to Authorised Issue.	Name of Place where Head Office is situated and Description of Locality of Bank.
75 New Sarum Bank. <i>Pinckney Brothers.</i>	£ 15,659	£ 4,582	Per Ct. 29	Salisbury. Agricultural, population stationary.
101 Wallingford Bank. <i>Hedges & Co.</i>	17,064	4,631	27	Wallingford. Agricul- tural, population sta- tionary.
84 Rye Bank, Sussex. <i>Curtis & Co.</i>	29,864	7,231	24	Rye. Agricultural dis- trict.
100 Uxbridge Old Bank. <i>Hull & Co.</i>	25,136	5,982	„	Uxbridge. Do.
30 Devizes and Wiltshire Bank. <i>Locke & Co.</i>	20,674	4,659	23	Devizes. Agricultural, population stationary or declining.
4 Barnstaple Bank. <i>Mar- shall & Co.</i>	17,182	3,884	22	Barnstaple. Population of district stationary.
86 Salop Bank. <i>Burton & Co.</i>	22,338	4,681	21	Shrewsbury. Agricul- tural.
52 WORCESTER CITY AND COUNTY BANKING COMPANY.	6,848	1,191	17	Worcester. Manufac- turing.
65 Monmouth Old Bank. <i>Bromage & Co.</i>	16,385	2,720	16	Monmouth. Agricultural and mining.
	6,460,985	1,487,690	75	General average.

Note.—The numbers placed before the name of each Bank refer to the Weekly Returns of Banks of Issue published in the BANKERS' MAGAZINE, from which this statement is prepared.

SUMMARY OF TABLE.

No. of Banks.				Agricul- tural.	Manufac- turing.	Mixed.	Seaport.	University.	Watering Places.
56	averaged	90	p. ct. of authorised issue and above	16	21	12	6	—	1
24	„	80	„ and below 90	11	5	4	2	2	—
17	„	70	„ „	9	2	4	2	—	—
17	„	60	„ „	12	1	—	4	—	—
24	„	50	„ „	13	2	2	5	1	1
11	„	40	„ „	11	—	—	—	—	—
9	„	30	„ „	7	—	—	2	—	—
7	„	20	„ „	7	—	—	—	—	—
2	below		20	1	1	—	—	—	—
167				87	32	22	21	3	2

DESCRIPTION OF LOCALITY.

Agricultural ..	..	..	87	Seaport ..	..	..	21
Manufacturing ..	..	..	32	University ..	..	..	3
Mixed ..	..	..	22	Watering Places ..	..	..	2

TABLE ANNUAL AVERAGES OF TOTAL SCOTCH COUNTRY NOTE CIRCULATION for the Years 1845-54; showing that the fluctuations in it from month to month recur periodically in each year.

1845.			1846.			1847.			1848.			1849.		
Average of Year. £3,235,519 = 100.			Average of Year. £3,404,584 = 100.			Average of Year. £3,530,976 = 100.			Average of Year. £3,176,019 = 100.			Average of Year. £3,134,073 = 100.		
Jan. 4 ..	£	3,159,000	Jan. 3 ..	£	3,336,000	Jan. 2 ..	£	3,757,000	Jan. 1 ..	£	3,311,000	Jan. 27 ..	£	3,033,000
Feb. 1 ..		3,070,000	Jan. 31 ..		3,182,000	Jan. 30 ..		3,601,000	Jan. 29 ..		3,161,000	Feb. 24 ..		2,952,000
March 1 ..		2,987,000	Feb. 28 ..		3,081,000	Feb. 27 ..		3,503,000	Feb. 26 ..		3,032,000	March 24 ..		2,935,000
March 29 ..		2,951,000	March 28 ..		3,019,000	Mar. 27 ..		3,360,000	April 22 ..		2,934,000	April 21 ..		2,908,000
April 26 ..		3,001,000	April 25 ..		3,096,000	April 24 ..		3,395,000	May 20 ..		3,132,000	May 19 ..		3,129,000
May 24 ..		3,357,000	May 23 ..		3,401,000	May 22 ..		3,517,000	June 17 ..		3,438,000	June 16 ..		3,381,000
June 21 ..		3,486,000	June 20 ..		3,509,000	June 19 ..		3,617,000	July 13 ..		3,107,000	July 14 ..		3,112,000
July 19 ..		3,334,000	July 18 ..		3,390,000	July 17 ..		3,436,000	Aug. 12 ..		3,036,000	Aug. 11 ..		3,076,000
Aug. 16 ..		3,303,000	Aug. 15 ..		3,372,000	Aug. 14 ..		3,456,000	Sept. 9 ..		3,021,000	Sept. 8 ..		3,053,000
Sept. 13 ..		3,341,000	Sept. 12 ..		3,447,000	Sept. 11 ..		3,198,000	October 7 ..		3,137,000	Oct. 6 ..		3,139,000
Oct. 11 ..		3,428,000	Oct. 10 ..		3,065,000	October 9 ..		3,560,000	Nov. 4 ..		3,306,000	Nov. 3 ..		3,282,000
Nov. 8 ..		3,594,000	Nov. 7 ..		3,765,000	Nov. 6 ..		3,607,000	Dec. 2 ..		3,570,000	Dec. 1 ..		3,500,000
Dec. 6 ..		3,804,000	Dec. 5 ..		3,997,000	Dec. 4 ..		3,732,000	Dec. 30 ..		3,277,000	Dec. 29 ..		3,242,000
1850.			1851.			1852.			1853.			1854.		
Average of Year. £3,225,203 = 100.			Average of Year. £3,242,923 = 100.			Average of Year. £3,403,949 = 100.			Average of Year. £3,739,251 = 100.			Average of Year. £4,054,524 = 100.		
Jan. 26 ..	£	3,113,000	Jan. 25 ..	£	3,252,000	Jan. 24 ..	£	3,284,000	Jan. 22 ..	£	3,613,000	Jan. 21 ..	£	3,998,000
Feb. 23 ..		3,054,000	Feb. 22 ..		3,138,000	Feb. 21 ..		3,179,000	Feb. 19 ..		3,530,000	Feb. 18 ..		3,974,000
March 23 ..		2,994,000	March 22 ..		3,033,000	March 20 ..		3,082,000	March 19 ..		3,444,000	March 18 ..		3,844,000
April 20 ..		3,015,000	April 19 ..		3,082,000	April 17 ..		3,112,000	April 16 ..		3,493,000	April 15 ..		3,834,000
May 18 ..		3,195,000	May 17 ..		3,254,000	May 15 ..		3,303,000	May 14 ..		3,687,000	May 13 ..		3,967,000
June 15 ..		3,472,000	June 14 ..		3,474,000	June 12 ..		3,580,000	June 11 ..		4,026,000	June 10 ..		4,319,000
July 13 ..		3,239,000	July 12 ..		3,215,000	July 10 ..		3,338,000	July 9 ..		3,762,000	July 8 ..		4,020,000
Aug. 10 ..		3,173,000	Aug. 9 ..		3,155,000	Aug. 7 ..		3,308,000	Aug. 6 ..		3,747,000	August 5 ..		3,963,000
Sept. 7 ..		3,174,000	Sept. 6 ..		3,126,000	Sept. 4 ..		3,334,000	Sept. 3 ..		3,729,000	Sept. 2 ..		3,867,000
Oct. 5 ..		3,243,000	October 4 ..		3,166,000	October 2 ..		3,443,000	October 1 ..		3,943,000	Sept. 30 ..		3,971,000
Nov. 2 ..		3,219,000	Nov. 1 ..		3,313,000	October 30 ..		3,621,000	October 29 ..		3,988,000	October 28 ..		4,182,000
Nov. 30 ..		3,594,000	Nov. 29 ..		3,590,000	Nov. 27 ..		3,904,000	Nov. 26 ..		4,286,000	Nov. 25 ..		4,452,000
Dec. 28 ..		3,346,000	Dec. 27 ..		3,357,000	Dec. 24 ..		3,764,000	Dec. 24 ..		4,113,000	Dec. 23 ..		4,316,000

TABLE X. *continued.*—ANNUAL AVERAGES of Total Scotch Country Note Circulation for the Years 1845-74; showing hat the fluctuations in it from month to month recur periodically in each year.

1855.			1856.			1857.			1858.			1859.		
Average of Year. £4,104,681 = 100.			Average of Year. £4,093,161 = 100.			Average of Year. £4,080,037 = 100.			Average of Year. £3,925,814 = 100.			Average of Year. £4,110,683 = 100.		
Jan. 20 ..	£	100	Jan. 19 ..	£	101	Jan. 17 ..	£	101	Jan. 16 ..	£	102	Jan. 15 ..	£	100
Feb. 17 ..	4,120,000	96	Feb. 16 ..	3,957,000	96	Feb. 14 ..	3,958,000	97	Feb. 13 ..	3,748,000	95	Feb. 12 ..	3,904,000	95
March 17 ..	3,933,000	93	March 15 ..	3,820,000	93	March 14 ..	3,828,000	94	March 13 ..	3,678,000	91	March 12 ..	3,781,000	92
April 14 ..	3,743,000	91	April 12 ..	3,783,000	92	April 11 ..	3,783,000	94	April 10 ..	3,611,000	92	April 9 ..	3,768,000	91
May 12 ..	3,901,000	95	May 10 ..	3,939,000	96	May 9 ..	3,933,000	96	May 8 ..	3,713,000	94	May 7 ..	3,982,000	97
June 9 ..	4,378,000	106	June 7 ..	4,473,000	109	June 6 ..	4,388,000	107	June 5 ..	4,242,000	108	June 4 ..	4,481,000	109
July 7 ..	4,116,000	100	July 5 ..	4,133,000	101	July 4 ..	4,101,000	100	July 3 ..	3,936,000	100	July 2 ..	4,131,000	100
August 4 ..	4,049,000	98	August 2 ..	4,005,000	98	Aug. 1 ..	3,992,000	98	August 28 ..	3,724,000	95	August 27 ..	3,978,000	97
Sept. 1 ..	3,964,000	97	Aug. 30 ..	3,941,000	96	Aug. 29 ..	3,933,000	96	Sept. 25 ..	3,882,000	99	Sept. 24 ..	4,040,000	98
Sept. 29 ..	4,094,000	100	Sept. 27 ..	4,003,000	98	Sept. 26 ..	4,051,000	99	October 23 ..	4,082,000	103	October 22 ..	4,200,000	102
October 27 ..	4,302,000	105	October 25 ..	4,219,000	103	Oct. 24 ..	4,218,000	104	Nov. 20 ..	4,383,000	112	Nov. 19 ..	4,510,000	110
Nov. 22 ..	4,548,000	111	Nov. 22 ..	4,445,000	108	Nov. 21 ..	4,344,000	106	Dec. 18 ..	4,355,000	111	Dec. 17 ..	4,591,000	112
Dec. 24 ..	4,401,000	107	Dec. 20 ..	4,349,000	106	Dec. 19 ..	4,305,000	105						
1860.			1861.			1862.			1863.			1864.		
Average of Year. £4,227,634 = 100.			Average of Year. £4,196,833 = 00.			Average of Year. £4,153,078 = 100.			Average of Year. £4,204,393 = 100.			Average of Year. £4,262,394 = 100.		
Jan. 14 ..	£	101	Jan. 12 ..	£	102	Jan. 11 ..	£	103	Jan. 10 ..	£	100	Jan. 9 ..	£	101
Feb. 11 ..	4,290,000	98	Feb. 9 ..	4,090,000	98	Feb. 8 ..	4,053,000	98	Feb. 7 ..	3,992,000	95	Feb. 6 ..	4,087,000	96
March 10 ..	4,002,000	95	March 9 ..	3,940,000	94	March 8 ..	3,869,000	93	March 7 ..	3,879,000	92	March 6 ..	3,997,000	94
April 7 ..	3,882,000	92	April 6 ..	3,850,000	92	April 5 ..	3,806,000	92	April 4 ..	3,880,000	92	April 3 ..	3,922,000	92
May 5 ..	4,001,000	95	May 4 ..	3,980,000	95	May 3 ..	3,966,000	95	May 2 ..	3,951,000	94	April 30 ..	4,037,000	95
June 2 ..	4,572,000	108	June 1 ..	4,530,000	108	May 31 ..	4,610,000	111	May 30 ..	4,474,000	106	May 28 ..	4,533,000	106
June 30 ..	4,263,000	101	June 29 ..	4,280,000	102	June 28 ..	4,261,000	103	June 27 ..	4,376,000	104	June 25 ..	4,513,000	106
July 28 ..	4,060,000	96	July 27 ..	4,080,000	97	July 26 ..	4,021,000	97	July 25 ..	4,166,000	99	July 23 ..	4,250,000	100
August 25 ..	4,114,000	97	August 24 ..	4,050,000	96	August 23 ..	3,946,000	95	August 22 ..	4,114,000	98	August 20 ..	4,196,000	98
Sept. 22 ..	4,097,000	97	Sept. 21 ..	4,050,000	96	Sept. 20 ..	3,987,000	96	Sept. 19 ..	4,104,000	98	Sept. 17 ..	4,174,000	98
October 20 ..	4,284,000	101	October 19 ..	4,250,000	101	October 18 ..	4,193,000	101	October 17 ..	4,338,000	103	October 15 ..	4,328,000	102
Nov. 17 ..	4,580,000	108	Nov. 16 ..	4,513,000	107	Nov. 15 ..	4,410,000	106	Nov. 14 ..	4,527,000	107	Nov. 12 ..	4,444,000	104
Dec. 15 ..	4,690,000	111	Dec. 14 ..	4,648,000	111	Dec. 13 ..	4,573,000	112	Dec. 12 ..	4,640,000	110	Dec. 10 ..	4,627,000	108

TABLE X. *continued.*—ANNUAL AVERAGES of Total Scotch Country Note Circulation for the Years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1865.			1866.			1867.			1868.			1869.		
Average of Year. £1,382,600 = 100.			Average of Year. £4,439,823 = 100.			Average of Year. £4,505,801 = 100.			Average of Year. £4,608,564 = 100.			Average of Year. £4,730,094 = 100.		
Jan. 7 ..	4,325,000	99	Jan. 6 ..	4,620,000	104	Jan. 5 ..	4,631,000	101	Jan. 4 ..	4,735,000	103	Jan. 2 ..	4,875,000	103
Feb. 4 ..	4,158,000	95	Feb. 3 ..	4,338,000	98	Feb. 2 ..	4,405,000	96	Feb. 1 ..	4,491,000	97	Jan. 30 ..	4,645,000	98
March 4	4,069,000	93	March 3	4,295,000	97	March 2	4,356,000	95	Feb. 29 ..	4,370,000	95	Feb. 27 ..	4,535,000	96
April 4 ..	3,973,000	91	March 31	4,135,000	93	March 30	4,221,000	92	March 28	4,272,000	93	March 27	4,432,000	94
April 29 ..	4,151,000	95	April 28	4,234,000	95	April 27	4,368,000	95	April 25	4,416,000	96	April 24	4,498,000	95
May 27 ..	4,597,000	105	May 26 ..	4,609,000	104	May 25 ..	4,822,000	106	May 23 ..	4,813,000	104	May 22 ..	4,931,000	104
June 24 ..	4,558,000	104	June 23 ..	4,551,000	102	June 23 ..	4,784,000	105	June 20 ..	4,826,000	105	June 19 ..	4,884,000	103
July 22 ..	4,373,000	100	July 21 ..	4,363,000	98	July 20 ..	4,531,000	99	July 18 ..	4,560,000	99	July 17 ..	4,673,000	99
August 19	4,350,000	99	August 18	4,286,000	96	August 17	4,454,000	97	August 15	4,410,000	96	August 14	4,529,000	96
Sept. 16 ..	4,306,000	98	Sept. 15 ..	4,263,000	96	Sept. 14 ..	4,404,000	96	Sept. 12 ..	4,446,000	96	Sept. 11 ..	4,604,000	97
October 14	4,515,000	103	October 13	4,430,000	100	October 12	4,581,000	100	October 10	4,671,000	101	October 9	4,727,000	100
Nov. 11 ..	4,697,000	107	Nov. 10 ..	4,625,000	104	Nov. 9 ..	4,742,000	104	Nov. 7 ..	4,763,000	103	Nov. 6 ..	4,871,000	103
Dec. 9 ..	4,904,000	112	Dec. 8 ..	4,967,000	112	Dec. 7 ..	5,056,000	111	Dec. 5 ..	5,139,000	111	Dec. 4 ..	5,287,000	112
1870.			1871.			1872.			1873.			1874.		
Average of Year. £4,936,410 = 100.			Average of Year. £5,177,919 = 100.			Average of Year. £5,331,866 = 100.			Average of Year. £5,638,597 = 100.			Average of Year. £5,900,000 = 100.		
Jan. 1 ..	4,975,000	101	Jan. 28 ..	5,002,000	97	Jan. 27 ..	4,907,000	92	Jan. 25 ..	5,311,000	94	Jan. 24 ..	5,700,000	97
Jan. 29 ..	4,692,000	95	Feb. 25 ..	4,912,000	95	Feb. 24 ..	4,824,000	91	Feb. 22 ..	5,186,000	92	Feb. 21 ..	5,520,000	94
Feb. 26 ..	4,564,000	93	March 26	4,789,000	92	March 23	4,778,000	89	March 22	5,161,000	91	March 21	5,460,000	92
March 26	4,466,000	90	April 22	4,953,000	96	April 20	4,919,000	92	April 19	5,284,000	94	April 18	5,540,000	94
April 23	4,595,000	93	May 20 ..	5,184,000	100	May 18 ..	5,370,000	101	May 17 ..	5,713,000	102	May 16 ..	5,970,000	101
May 21 ..	4,971,000	101	June 17 ..	5,452,000	106	June 15 ..	5,717,000	107	June 14 ..	6,064,000	108	June 13 ..	6,410,000	108
June 18 ..	5,186,000	105	July 15 ..	5,228,000	99	July 13 ..	5,323,000	100	July 12 ..	5,549,000	99	July 11 ..	5,820,000	98
July 16 ..	4,984,000	101	August 12	5,138,000	99	August 10	5,226,000	98	August 9	5,503,000	98	August 8	5,730,000	97
August 13	4,819,000	98	Sept. 9 ..	5,148,000	100	Sept. 7 ..	5,314,000	100	Sept. 6 ..	5,504,000	98	Sept. 5 ..	5,690,000	96
Sept. 10 ..	4,740,000	96	October 7	5,354,000	103	October 5	5,473,000	103	October 4	5,748,000	102	October 3	5,900,000	100
October 8	4,965,000	101	Nov. 4 ..	5,196,000	100	Nov. 2 ..	5,619,000	105	Nov. 1 ..	5,894,000	105	October 31	6,040,000	103
Nov. 5 ..	5,181,000	105	Dec. 2 ..	5,715,000	111	Nov. 30 ..	6,210,000	116	Nov. 29 ..	6,390,000	114	Nov. 28 ..	6,710,000	114
Dec. 3 ..	5,650,000	115	Dec. 31 ..	5,240,000	101	Dec. 28 ..	5,632,000	105	Dec. 27 ..	5,930,000	105	Dec. 26 ..	6,210,000	105

TABLE XI.—AVERAGES OF TOTAL SCOTCH COUNTRY NOTE CIRCULATION for the Ten Years 1845-54; 1855-64; 1865-74; and for the Thirty Years 1845-74, showing that the fluctuations which take place from month to month in the Scotch Country Note Circulation recur periodically in each year.

Average of Ten Years. 1845-54. £3,425,923 = 100.			Average of Ten Years. 1855-64. £4,137,369 = 100.		
	£			£	
January	3,426,000	100	January	4,191,000	101
February	3,252,000	95	February	3,985,000	96
March	3,163,000	92	March	3,851,000	93
April	3,187,000	93	April	3,814,000	92
May	3,396,000	99	May	4,048,000	98
June	3,633,000	106	June	4,393,000	106
July	3,401,000	99	July	4,084,000	99
August	3,359,000	98	August	4,011,000	97
September	3,364,000	98	September	4,042,000	98
October	3,497,000	102	October	4,242,000	102
November	3,710,000	108	November	4,470,000	108
December	3,722,000	109	December	4,518,000	109
Average of Ten Years 1865-1874. £4,962,665 = 100.			Average of Thirty Years. 1845-74. £4,175,319 = 100.		
	£			£	
January	4,883,000	98	January	4,166,000	100
February	4,687,000	94	February	3,975,000	95
March	4,593,000	92	March	3,869,000	92
April	4,687,000	94	April	3,896,000	93
May	5,098,000	103	May	4,181,000	100
June	5,243,000	106	June	4,423,000	106
July	4,940,000	99	July	4,142,000	99
August	4,845,000	98	August	4,071,000	98
September	4,842,000	98	September	4,083,000	98
October	5,043,000	102	October	4,261,000	102
November	5,284,000	107	November	4,488,000	107
December	5,407,000	109	December	4,549,000	109

SCOTLAND.

TABLE XII.—AVERAGE Issue of Banks in 1874. Proportion of Actual to Authorised Issue, and proportion of small and large Notes in the Issue of each Bank.

Name of Bank.	Authoris'd Issue.	Actual Issue.	Branches.	Name of Place where Head Office is situated	Proportion of Actual to Authorised Issue. Issue=100.	£	P. ct.	£	P. ct.	Proportion of Large and Small Notes in the issue of each Bank. Under £5. £5 and over.
BANK OF SCOTLAND ..	343,418	667,000	76	Edinburgh.	194	453,000	68	214,000	32	
ROYAL BANK OF SCOTLAND ..	216,151	719,000	106	Do.	332	474,000	66	245,000	34	
BRITISH LINEN COMPANY ..	438,024	530,000	67	Do.	121	355,000	67	175,000	33	
COMMERCIAL BANK OF SCOTLAND ..	374,880	774,000	100	Do.	207	546,000	70	228,000	30	
NATIONAL BANK OF SCOTLAND ..	297,024	587,000	91	Do.	198	406,000	69	181,000	31	
UNION BANK OF SCOTLAND ..	454,346	789,000	116	Glasgow and Edinburgh.	174	529,000	67	260,000	33	
ABERDEEN TOWN AND COUNTY BANK ..	70,133	199,000	38	Aberdeen.	284	110,000	55	89,000	45	
NORTH OF SCOTLAND BANKING COMPANY ..	154,319	322,000	46	Do.	209	159,000	49	163,000	51	
CLYDESDALE BANKING COMPANY ..	274,321	536,000	79	Glasgow.	195	350,000	65	186,000	35	
CITY OF GLASGOW BANK *	72,921	675,000	122	Do.	925	449,000	67	224,000	33	
CALEDONIAN BANKING COMPANY ..	53,434	104,000	21	Inverness.	195	69,000	66	35,000	34	
	2,749,271	5,900,000	862		214	3,900,000	66	2,000,000	34	

* The City of Glasgow Bank is stated to be Incorporated with the *Bank of Mona* in the *Isle of Man*, which has a fixed issue of £40,000, under Acts of the Legislature of the Isle of Man, and is Incorporated by Charter of the House of Keys.

Note.—This statement is prepared from the Scotch Circulation Returns published in the *BANKER'S MAGAZINE*.

Reduction in *number* by amalgamation Original fixed Issue of 19 Banks in Scotland by the Act of 1845 £3,087,209

Namely:—

Deduct one Bank, ceased to issue, comprising two circulations Ayrshire Bank £53,656

.. .. . Western Bank of Scotland 284,282

.. .. . 337,938

£2,749,271

TABLE XIII. — ANNUAL AVERAGES OF Total Irish Country Note Circulation for the years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1845.			1846.			1847.			1848.			1849.		
Average of Year. £6,948,402 = 100.			Average of Year. £7,259,848 = 100.			Average of Year. £6,008,881 = 100.			Average of Year. £4,525,891 = 100.			Average of Year. £4,310,282 = 100.		
Jan. 4 ..	6,984,000	100	Jan. 3 ..	7,404,000	102	Jan. 2 ..	7,515,000	125	Jan. 1 ..	5,196,000	108	Jan. 27 ..	4,675,000	108
Feb. 1 ..	7,098,000	102	Jan. 31 ..	7,411,000	102	Jan. 30 ..	7,259,000	121	Jan. 29 ..	5,234,000	108	Feb. 24 ..	4,560,000	106
March 1 ..	7,122,000	103	Feb. 28 ..	7,470,000	103	Feb. 27 ..	7,030,000	117	Feb. 26 ..	5,220,000	108	March 21 ..	4,402,000	102
March 29 ..	7,052,000	101	March 28 ..	7,445,000	103	March 27 ..	6,705,000	112	March 25 ..	5,107,000	106	April 24 ..	4,377,000	101
April 26 ..	7,053,000	101	April 25 ..	7,572,000	104	April 24 ..	6,521,000	108	April 22 ..	5,009,000	104	May 19 ..	4,288,000	99
May 24 ..	6,927,000	100	May 23 ..	7,422,000	102	May 22 ..	6,018,000	90	May 20 ..	4,841,000	100	June 16 ..	4,046,000	94
June 21 ..	6,619,000	95	June 20 ..	6,972,000	96	June 19 ..	5,465,000	101	June 17 ..	4,661,000	96	July 14 ..	3,913,000	91
July 19 ..	6,494,000	94	July 18 ..	6,686,000	92	July 17 ..	5,257,000	88	August 12 ..	4,313,000	89	August 11 ..	3,833,000	89
August 16 ..	6,359,000	92	August 15 ..	6,481,000	89	August 14 ..	5,097,000	85	Sept. 9 ..	4,265,000	88	Sept. 8 ..	3,811,000	88
Sept. 13 ..	6,260,000	90	Sept. 12 ..	6,588,000	91	Sept. 11 ..	5,048,000	84	October 7 ..	4,506,000	93	October 6 ..	4,134,000	96
October 11 ..	6,833,000	98	October 10 ..	7,252,000	100	October 9 ..	5,356,000	89	Nov. 4 ..	5,027,000	104	Nov. 3 ..	4,686,000	109
Nov. 8 ..	7,825,000	113	Nov. 7 ..	7,837,000	108	Nov. 6 ..	5,519,000	92	Dec. 2 ..	4,969,000	103	Dec. 1 ..	4,674,000	108
Dec. 6 ..	7,717,000	111	Dec. 5 ..	7,840,000	108	Dec. 4 ..	5,323,000	89	Dec. 30 ..	4,778,000	99	Dec. 29 ..	4,635,000	107
1850.			1851.			1852.			1853.			1854.		
Average of Year. £4,512,448 = 100.			Average of Year. £4,462,808 = 100.			Average of Year. £4,818,247 = 100.			Average of Year. £5,650,451 = 100.			Average of Year. £6,295,806 = 100.		
Jan. 26 ..	4,670,000	104	Jan. 25 ..	4,783,000	107	Jan. 24 ..	4,680,000	97	Jan. 22 ..	5,690,000	101	Jan. 21 ..	6,540,000	104
Feb. 23 ..	4,636,000	102	Feb. 22 ..	4,741,000	106	Feb. 21 ..	4,654,000	96	Feb. 19 ..	5,681,000	101	Feb. 18 ..	6,795,000	108
March 23 ..	4,490,000	99	March 22 ..	4,621,000	103	March 20 ..	4,562,000	95	March 19 ..	5,521,000	98	March 18 ..	6,711,000	107
April 20 ..	4,489,000	99	April 19 ..	4,564,000	102	April 17 ..	4,553,000	94	April 16 ..	5,516,000	97	April 15 ..	6,641,000	105
May 18 ..	4,469,000	99	May 17 ..	4,529,000	101	May 15 ..	4,616,000	96	May 14 ..	5,509,000	97	May 13 ..	6,586,000	104
June 15 ..	4,242,000	94	June 14 ..	4,269,000	95	June 12 ..	4,262,000	94	June 11 ..	5,366,000	95	June 10 ..	6,180,000	98
July 13 ..	4,145,000	92	July 12 ..	4,056,000	91	July 10 ..	4,406,000	91	July 9 ..	5,174,000	91	July 8 ..	5,801,000	92
August 10 ..	4,078,000	90	August 9 ..	3,978,000	89	August 7 ..	4,397,000	91	August 6 ..	5,159,000	91	August 5 ..	5,614,000	89
Sept. 7 ..	4,154,000	92	Sept. 6 ..	3,972,000	89	Sept. 4 ..	4,509,000	93	Sept. 3 ..	5,230,000	92	Sept. 2 ..	5,577,000	88
October 5 ..	4,494,000	99	October 4 ..	4,216,000	94	October 2 ..	4,876,000	101	October 1 ..	5,511,000	97	Sept. 30 ..	5,674,000	90
Nov. 2 ..	4,994,000	111	Nov. 1 ..	4,713,000	105	October 30 ..	5,546,000	115	October 29 ..	6,267,000	111	Oct. 28 ..	6,843,000	101
Nov. 30 ..	4,944,000	109	Nov. 29 ..	4,848,000	108	Nov. 27 ..	5,623,000	116	Nov. 26 ..	6,379,000	113	Nov. 25 ..	6,658,000	106
Dec. 28 ..	4,857,000	107	Dec. 27 ..	4,727,000	106	Dec. 24 ..	5,685,000	118	Dec. 24 ..	6,453,000	114	Dec. 23 ..	6,723,000	107

TABLE XIII. *continued.*—ANNUAL AVERAGES of Total Irish Country Note Circulation on the years 1845-74, showing that the fluctuations in it from month to month recur periodically in each year.

1856.			1857.			1858.			1859.		
Average of Year. £6,362,303 = 100.			Average of Year. £6,821,939 = 100.			Average of Year. £6,183,068 = 100.			Average of Year. £6,870,238 = 100.		
£	£	£	£	£	£	£	£	£	£	£	£
Jan. 20 ..	6,733,000	106	Jan. 19 ..	6,970,000	105	Jan. 17 ..	7,169,000	105	Jan. 16 ..	5,938,000	96
Feb. 17 ..	6,786,000	107	Feb. 16 ..	6,853,000	103	Feb. 14 ..	7,254,000	106	Feb. 13 ..	6,172,000	99
March 17	6,658,000	105	March 16	6,592,000	99	March 14	7,173,000	105	March 13	6,196,000	100
April 14	6,462,000	102	April 12	6,475,000	97	April 11	7,154,000	105	April 10	6,235,000	101
May 12 ..	6,342,000	100	May 11 ..	6,512,000	98	May 9 ..	7,155,000	105	May 8 ..	6,263,000	101
June 9 ..	6,022,000	94	June 8 ..	6,364,000	95	June 6 ..	6,914,000	101	June 5 ..	6,108,000	99
July 7 ..	5,753,000	90	July 6 ..	6,179,000	93	July 4 ..	6,581,000	97	July 3 ..	5,847,000	94
August 4	5,664,000	89	August 3	6,132,000	92	August 1	6,434,000	94	July 31 ..	5,749,000	93
Sept. 1 ..	5,595,000	88	August 31	6,042,000	91	August 29	6,245,000	92	August 28	5,665,000	91
Sept. 29 ..	5,900,000	93	Sept. 28 ..	6,387,000	96	Sept. 26 ..	6,497,000	95	Sept. 25 ..	5,925,000	96
October 27	6,789,000	107	October 26	7,242,000	109	October 24	7,262,000	107	October 23	6,691,000	108
Nov. 24 ..	6,964,000	109	Nov. 23 ..	7,426,000	111	Nov. 21 ..	7,773,000	109	Nov. 20 ..	6,835,000	110
Dec. 22 ..	7,043,000	111	Dec. 21 ..	7,307,000	110	Dec. 19 ..	6,076,000	89	Dec. 18 ..	6,757,000	109
1860.			1861.			1862.			1863.		
Average of Year. £6,839,555 = 100.			Average of Year. £6,265,503 = 100.			Average of Year. £5,658,393 = 100.			Average of Year. £5,404,762 = 100.		
£	£	£	£	£	£	£	£	£	£	£	£
Jan. 14 ..	7,362,000	107	Jan. 12 ..	6,910,000	110	Jan. 11 ..	6,171,000	109	Jan. 10 ..	5,538,000	102
Feb. 11 ..	7,354,000	107	Feb. 9 ..	6,920,000	110	Feb. 8 ..	6,082,000	107	Feb. 7 ..	5,489,000	101
March 10	7,204,000	105	March 9	6,680,000	107	March 8	5,902,000	104	March 7	5,395,000	100
April 7 ..	7,095,000	104	April 6 ..	6,550,000	104	April 5 ..	5,788,000	102	April 4 ..	5,377,000	99
May 5 ..	7,013,000	103	May 4 ..	6,520,000	104	May 3 ..	5,859,000	103	May 2 ..	5,480,000	101
June 2 ..	6,830,000	100	June 1 ..	6,330,000	101	May 31 ..	5,741,000	101	May 30 ..	5,375,000	99
June 30 ..	6,512,000	95	June 29 ..	5,820,000	93	June 28 ..	5,397,000	95	June 27 ..	5,084,000	94
July 28 ..	6,303,000	92	July 27 ..	5,610,000	90	July 26 ..	5,191,000	92	July 25 ..	4,986,000	92
August 25	6,188,000	90	August 24	5,520,000	88	August 23	5,020,000	89	August 22	4,882,000	90
Sept. 22 ..	6,166,000	90	Sept. 21 ..	5,590,000	89	Sept. 20 ..	5,071,000	89	Sept. 19 ..	5,040,000	93
Oct. 20 ..	6,701,000	98	October 19	6,140,000	98	October 18	5,561,000	98	October 17	5,660,000	105
Nov. 17 ..	7,150,000	104	Nov. 16 ..	6,459,000	103	Nov. 15 ..	5,923,000	104	Nov. 14 ..	6,016,000	111
Dec. 15 ..	7,040,000	103	Dec. 14 ..	6,407,000	102	Dec. 13 ..	5,843,000	103	Dec. 12 ..	5,940,000	110

TABLE XIII. *continued.*—ANNUAL AVERAGES of Total Irish Country Note Circulation for the years 1845-74; showing that the fluctuations in it from month to month recur periodically in each year.

1865.			1866.			1867.			1868.			1869.		
Average of Year. £5,936,950 = 100.			Average of Year. £5,894,488 = 100.			Average of Year. £5,811,117 = 100.			Average of Year. £6,180,961 = 100.			Average of Year. £6,607,727 = 100.		
Jan. 7 ..	5,661,000	94	Jan. 6 ..	6,435,000	109	Jan. 5 ..	6,143,000	106	Jan. 4 ..	6,143,000	99	Jan. 2 ..	6,794,000	103
Feb. 4 ..	5,714,000	95	Feb. 3 ..	6,330,000	108	Feb. 2 ..	6,187,000	107	Feb. 1 ..	6,074,000	98	Jan. 30 ..	6,705,000	101
March 4 ..	5,703,000	95	March 3 ..	6,153,000	105	March 2 ..	6,146,000	106	Feb. 29 ..	6,082,000	99	Feb. 27 ..	6,666,000	101
April 1 ..	5,694,000	95	March 31 ..	6,017,000	102	March 30 ..	5,873,000	101	March 28 ..	6,097,000	99	March 27 ..	6,579,000	99
April 29 ..	5,858,000	98	April 28 ..	6,030,000	102	April 27 ..	5,861,000	101	April 25 ..	6,292,000	102	April 24 ..	6,630,000	100
May 27 ..	5,930,000	99	May 26 ..	5,811,000	98	May 25 ..	5,730,000	98	May 23 ..	6,239,000	101	May 22 ..	6,644,000	101
June 24 ..	5,763,000	96	June 23 ..	5,312,000	90	June 23 ..	5,304,000	92	June 20 ..	5,897,000	95	June 19 ..	6,291,000	95
July 22 ..	5,718,000	95	July 21 ..	5,095,000	86	July 20 ..	5,159,000	89	July 18 ..	5,660,000	92	July 17 ..	6,146,000	93
August 19 ..	5,664,000	94	August 18 ..	5,144,000	87	August 17 ..	5,116,000	88	August 15 ..	5,520,000	89	August 14 ..	6,032,000	91
Sept. 16 ..	5,939,000	99	Sept. 15 ..	5,266,000	89	Sept. 14 ..	5,141,000	88	Sept. 12 ..	5,734,000	93	Sept. 11 ..	6,021,000	91
October 14 ..	6,608,000	110	Oct. 13 ..	5,901,000	101	October 12 ..	5,865,000	101	October 10 ..	6,497,000	105	October 9 ..	6,658,000	101
Nov. 11 ..	6,888,000	115	Nov. 10 ..	6,553,000	111	Nov. 9 ..	6,544,000	111	Nov. 7 ..	7,060,000	114	Nov. 6 ..	7,381,000	112
Dec. 9 ..	6,691,000	112	Dec. 8 ..	6,452,000	109	Dec. 7 ..	6,416,000	110	Dec. 5 ..	7,056,000	114	Dec. 4 ..	7,354,000	111
1870.			1871.			1872.			1873.			1874.		
Average of Year. £6,879,572 = 100.			Average of Year. £7,644,152 = 100.			Average of Year. £7,674,216 = 100.			Average of Year. £7,076,895 = 100.			Average of Year. £8,767,692 = 100.		
Jan. 1 ..	7,056,000	103	Jan. 28 ..	7,393,000	98	Jan. 27 ..	7,811,000	102	Jan. 25 ..	7,371,000	104	Jan. 24 ..	6,880,000	102
Jan. 29 ..	6,891,000	100	Feb. 25 ..	7,406,000	97	Feb. 24 ..	7,700,000	100	Feb. 22 ..	7,238,000	102	Feb. 21 ..	6,870,000	102
Feb. 26 ..	6,807,000	99	March 25 ..	7,341,000	98	March 23 ..	7,595,000	99	March 22 ..	7,157,000	101	March 21 ..	6,690,000	99
March 26 ..	6,726,000	98	April 22 ..	7,480,000	99	April 20 ..	7,791,000	102	April 19 ..	7,269,000	103	April 18 ..	6,820,000	101
April 23 ..	6,903,000	100	May 20 ..	7,560,000	100	May 18 ..	7,793,000	102	May 17 ..	7,294,000	103	May 16 ..	6,870,000	102
May 21 ..	6,960,000	101	June 17 ..	7,253,000	96	June 15 ..	7,545,000	98	June 14 ..	6,926,000	98	June 13 ..	6,530,000	96
June 18 ..	6,885,000	97	July 15 ..	7,047,000	93	July 13 ..	7,427,000	97	July 12 ..	6,609,000	93	July 11 ..	6,200,000	92
July 16 ..	6,433,000	94	August 12 ..	6,974,000	92	August 10 ..	7,355,000	96	August 9 ..	6,519,000	92	August 8 ..	6,090,000	90
August 13 ..	6,258,000	91	Sept. 9 ..	7,003,000	93	Sept. 7 ..	7,242,000	94	Sept. 6 ..	6,457,000	91	Sept. 5 ..	6,080,000	90
Sept. 10 ..	6,244,000	91	October 7 ..	7,698,000	102	October 5 ..	7,594,000	99	October 4 ..	6,927,000	98	October 3 ..	6,740,000	99
October 8 ..	6,832,000	99	Nov. 4 ..	8,462,000	112	Nov. 2 ..	8,280,000	108	Nov. 1 ..	7,642,000	108	October 31 ..	7,560,000	112
Nov. 5 ..	7,511,000	109	Dec. 2 ..	8,406,000	111	Nov. 30 ..	8,013,000	104	Nov. 29 ..	7,480,000	106	Nov. 28 ..	7,500,000	111
Dec. 3 ..	7,576,000	110	Dec. 31 ..	8,406,000	111	Dec. 30 ..	8,013,000	104	Dec. 27 ..	7,110,000	100	Dec. 26 ..	7,150,000	106
Dec. 31 ..	7,432,000	103	Dec. 30 ..	8,052,000	107	Dec. 28 ..	7,620,000	99	Dec. 27 ..	7,110,000	100	Dec. 26 ..	7,150,000	106

TABLE XIV.—AVERAGES OF TOTAL IRISH COUNTRY NOTE CIRCULATION for the ten years 1845-54; 1855-64; 1865-74; and for the thirty years 1845-74; showing that the fluctuations which take place from month to month in the Irish country note circulation recur periodically in each year.

Average of Ten Years. 1845-54. £5,483,264 = 100.			Average of Ten Years. 1855-64. £6,287,522 = 100.		
	£			£	
January	5,803,000	106	January	6,518,000	104
February	5,789,000	106	February	6,547,000	104
March	5,665,000	103	March	6,430,000	102
April	5,630,000	102	April	6,369,000	101
May	5,520,000	101	May	6,388,000	102
June	5,235,000	95	June	6,093,000	97
July	5,041,000	92	July	5,820,000	92
August	4,931,000	90	August	5,690,000	90
September	4,946,000	90	September	5,836,000	93
October	5,423,000	99	October	6,495,000	103
November	5,930,000	108	November	6,695,000	106
December	5,885,000	107	December	6,569,000	104

Average of Ten Years. 1865-74. £6,616,638 = 100.			Average of Thirty Years. 1845-74. £6,129,141 = 100.		
	£			£	
January	6,756,000	102	January	6,359,000	104
February	6,699,000	101	February	6,345,000	104
March	6,598,000	100	March	6,231,000	102
April	6,685,000	101	April	6,228,000	102
May	6,683,000	101	May	6,197,000	101
June	6,356,000	96	June	5,895,000	96
July	6,149,000	93	July	5,670,000	92
August	6,067,000	92	August	5,563,000	91
September	6,113,000	92	September	5,632,000	92
October	6,773,000	102	October	6,231,000	102
November	7,361,000	111	November	6,662,000	109
December	7,158,000	108	December	6,537,000	107

IRELAND.

TABLE XV.—AVERAGE Issue of Banks in 1874. Proportion of Actual to Authorised Issue, and proportion of small and large Notes in the Issue of each Bank.

Name of Bank.	Authorised Issue.	Actual Issue.	Branches.	Name of Place where Head Office is situated.	Proportion of Actual to Authorised Issue. Issue=100.	£	P. ct.	£	P. ct.	Proportion of Large and Small Notes in the issue of each Bank. Under £5. £5 and over.
BANK OF IRELAND	3,738,428	2,879,000	49	Dublin.	77	1,073,000	37	1,806,000	63	
PROVINCIAL BANK OF IRELAND ..	927,667	885,000	44	London.	95	408,000	46	477,000	54	
BELFAST BANKING COMPANY ..	281,611	476,000	35	Belfast.	169	285,000	60	191,000	40	
NORTHERN BANKING COMPANY ..	243,440	477,000	35	Do.	197	308,000	65	169,000	35	
ULSTER BANKING COMPANY ..	311,079	686,000	8-Sub.	Do.	221	374,000	55	312,000	45	
NATIONAL BANK	852,269	1,366,000	43	London.	160	577,000	42	789,000	58	
			29-Sub.							
	6,354,494	6,769,000	326		107	3,025,000	45	3,744,000	55	

Note.—This statement is prepared from the Irish Circulation Returns published in the Banker's Magazine.

The authorized Issue in Ireland remains at the amount fixed by the Act of 1

TABLE XVI.—ANNUAL AVERAGES of Bank of England Total Note Circulation, showing the fluctuations in it for each month for the years 1845-1874.

1845.			1846.			1847.			1848.			1849.		
£20,974,000 = 100.			£20,252,000 = 100.			£19,123,000 = 100.			£18,056,000 = 100.			£18,438,000 = 100.		
£			£			£			£			£		
January	20,330,000	99	January	20,977,000	104	January	20,537,000	107	January	18,767,000	104	January	18,207,000	99
February	20,211,000	98	February	20,162,000	100	February	19,537,000	102	February	18,479,000	102	February	18,384,000	100
March	19,733,000	96	March	19,431,000	96	March	19,256,000	101	March	17,779,000	98	March	17,889,000	97
April	20,965,000	101	April	20,311,000	100	April	20,083,000	105	April	18,374,000	102	April	18,870,000	102
May	20,773,000	101	May	20,195,000	100	May	19,197,000	100	May	18,214,000	101	May	18,838,000	102
June	20,240,000	98	June	19,607,000	97	June	18,143,000	95	June	17,578,000	97	June	18,051,000	98
July	21,257,000	103	July	20,632,000	102	July	18,867,000	99	July	18,614,000	103	July	19,223,000	104
August	21,123,000	102	August	20,435,000	101	August	18,426,000	96	August	18,320,000	101	August	18,830,000	102
Sept.	20,510,000	99	Sept.	20,113,000	99	Sept.	18,015,000	94	Sept.	17,698,000	98	Sept.	17,949,000	97
October	21,643,000	105	October	21,041,000	104	October	19,572,000	102	October	18,239,000	101	October	18,653,000	101
November	21,140,000	102	November	20,394,000	101	November	19,678,000	103	November	17,965,000	99	November	18,371,000	100
December	20,136,000	98	December	19,708,000	97	December	18,171,000	95	December	17,004,000	94	December	17,986,000	98
1850.			1851.			1852.			1853.			1854.		
£19,448,000 = 100.			£19,468,000 = 100.			£21,910,000 = 100.			£22,602,000 = 100.			£20,688,000 = 100.		
£			£			£			£			£		
January	19,095,000	98	January	19,588,000	101	January	20,400,000	93	January	22,307,000	103	January	21,977,000	106
February	19,281,000	99	February	19,107,000	98	February	20,442,000	93	February	22,257,000	98	February	21,449,000	104
March	18,983,000	98	March	18,888,000	97	March	20,160,000	92	March	22,812,000	97	March	21,148,000	102
April	20,013,000	103	April	19,682,000	101	April	21,387,000	98	April	23,102,000	102	April	22,217,000	107
May	19,870,000	102	May	19,337,000	99	May	21,660,000	99	May	22,963,000	102	May	21,064,000	102
June	19,199,000	99	June	18,987,000	97	June	21,438,000	98	June	22,958,000	102	June	20,042,000	97
July	20,514,000	100	July	20,221,000	104	July	23,216,000	106	July	23,504,000	104	July	20,494,000	99
August	20,004,000	103	August	20,018,000	103	August	22,843,000	104	August	23,101,000	102	August	20,159,000	98
Sept.	19,154,000	99	Sept.	19,151,000	98	Sept.	22,016,000	101	Sept.	22,255,000	98	Sept.	19,663,000	95
October	19,676,000	101	October	20,100,000	103	October	23,025,000	105	October	23,083,000	102	October	20,586,000	99
November	19,076,000	98	November	19,751,000	101	November	22,982,000	105	November	21,936,000	97	November	20,123,000	97
December	18,516,000	95	December	18,785,000	96	December	22,435,000	102	December	20,949,000	93	December	19,339,000	94

XVI. *continued.*—ANNUAL AVERAGES of Bank of England Total of Note Circulation, showing the fluctuations in it for each month for the years 1845—1874.

1855.				1856.				1857.				1858.				1859.			
£21,830,000 = 100.				£19,687,000 = 100.				£21,467,000 = 100.				£20,248,000 = 100.				£21,336,000 = 100.			
January	£	19,905,000	100	January	£	19,239,000	98	January	£	19,276,000	99	January	£	19,714,000	97	January	£	20,916,000	98
February		19,415,000	98	February		18,798,000	96	February		18,720,000	96	February		19,708,000	97	February		20,611,000	97
March		19,119,000	96	March		18,691,000	95	March		18,746,000	96	March		19,602,000	97	March		20,539,000	96
April		20,210,000	102	April		19,848,000	101	April		19,703,000	101	April		20,389,000	101	April		21,824,000	102
May		19,832,000	100	May		19,718,000	100	May		19,294,000	99	May		20,356,000	100	May		21,672,000	102
June		19,687,000	99	June		19,413,000	99	June		18,876,000	97	June		19,850,000	98	June		20,894,000	98
July		20,800,000	105	July		20,724,000	105	July		19,746,000	102	July		20,584,000	102	July		21,773,000	102
August		20,381,000	103	August		20,146,000	103	August		19,458,000	100	August		20,548,000	102	August		21,832,000	102
Sept.		19,908,000	100	Sept.		19,936,000	101	Sept.		19,041,000	98	Sept.		20,196,000	100	Sept.		21,165,000	99
October		20,437,000	103	October		20,774,000	106	October		20,052,000	103	October		21,186,000	104	October		22,243,000	104
November		19,583,000	99	November		19,947,000	102	November		20,799,000	107	November		20,860,000	103	November		21,600,000	101
December		18,683,000	94	December		18,767,000	95	December		19,892,000	102	December		19,982,000	99	December		20,843,000	98
1860.				1861.				1862.				1863.				1864.			
£21,252,000 = 100.				£21,992,000 = 100.				£20,835,000 = 100.				£20,664,000 = 100.				£20,605,000 = 100.			
January	£	21,834,000	103	January	£	20,276,000	102	January	£	20,528,000	98	January	£	20,197,000	98	January	£	20,649,000	100
February		21,092,000	99	February		19,651,000	98	February		20,358,000	98	February		19,582,000	95	February		20,134,000	98
March		20,624,000	97	March		19,147,000	96	March		20,152,000	97	March		19,493,000	94	March		20,077,000	97
April		22,191,000	105	April		20,078,000	100	April		21,136,000	101	April		20,689,000	100	April		21,089,000	102
May		21,677,000	102	May		19,942,000	100	May		20,854,000	100	May		20,616,000	100	May		20,919,000	101
June		21,005,000	99	June		19,399,000	97	June		20,651,000	99	June		20,276,000	98	June		20,430,000	99
July		22,040,000	104	July		20,221,000	101	July		22,035,000	106	July		21,372,000	104	July		21,570,000	105
August		21,570,000	102	August		20,054,000	100	August		21,994,000	105	August		21,312,000	103	August		21,111,000	102
Sept.		20,978,000	99	Sept.		19,990,000	100	Sept.		20,960,000	101	Sept.		21,032,000	102	Sept.		20,451,000	99
October		21,608,000	102	October		20,971,000	105	October		21,388,000	103	October		21,963,000	106	October		21,190,000	103
November		20,540,000	97	November		20,497,000	103	November		20,437,000	98	November		21,267,000	103	November		20,203,000	98
December		19,868,000	93	December		19,679,000	99	December		19,532,000	94	December		20,160,000	98	December		19,434,000	94

TABLE XVI. *continued.*—ANNUAL AVERAGES of Bank of England Total Note Circulation, showing the fluctuations in it for each month for the years 1845—1874.

1865.				1866.				1867.				1868.				1869.			
£21,117,000 = 100.				£23,159,000 = 100.				£23,438,000 = 100.				£23,382,000 = 100.				£23,483,000 = 100.			
£				£				£				£				£			
January	20,463,000	97		January	21,333,000	92		January	23,125,000	99		January	24,029,000	100		January	23,911,000	102	
February	20,102,000	95		February	20,777,000	90		February	22,581,000	96		February	23,418,000	98		February	23,275,000	99	
March	19,787,000	94		March	20,878,000	90		March	22,183,000	95		March	23,282,000	97		March	23,208,000	99	
April	21,081,000	100		April	22,210,000	96		April	23,255,000	99		April	24,267,000	101		April	23,723,000	101	
May	21,383,000	101		May	24,565,000	106		May	23,066,000	98		May	24,009,000	100		May	23,502,000	100	
June	20,980,000	99		June	25,387,000	109		June	22,982,000	98		June	23,743,000	99		June	23,003,000	98	
July	22,223,000	105		July	25,407,000	109		July	24,158,000	103		July	24,633,000	103		July	23,827,000	101	
August	22,003,000	104		August	24,682,000	106		August	24,020,000	103		August	24,424,000	102		August	23,755,000	101	
Sept.	21,479,000	102		Sept.	23,515,000	101		Sept.	23,721,000	101		Sept.	23,958,000	100		Sept.	23,399,000	100	
October	22,294,000	106		October	23,981,000	104		October	24,763,000	106		October	24,458,000	102		October	23,993,000	102	
November	21,156,000	100		November	23,067,000	99		November	24,011,000	102		November	23,795,000	99		November	23,398,000	100	
December	20,533,000	97		December	22,210,000	96		December	23,373,000	100		December	23,178,000	97		December	22,802,000	97	
1870.				1871.				1872.				1873.				1874.			
£23,327,000 = 100.				£24,416,000 = 100.				£25,492,000 = 100.				£25,645,000 = 100.				£26,264,000 = 100.			
£				£				£				£				£			
January	23,461,000	100		January	23,839,000	98		January	25,275,000	99		January	25,422,000	99		January	25,789,000	98	
February	22,729,000	97		February	23,386,000	96		February	24,625,000	96		February	24,885,000	97		February	25,285,000	96	
March	22,351,000	96		March	23,147,000	95		March	24,625,000	99		March	24,949,000	97		March	25,388,000	97	
April	23,442,000	100		April	24,220,000	99		April	25,834,000	101		April	26,163,000	102		April	26,445,000	101	
May	23,338,000	100		May	24,365,000	100		May	25,583,000	100		May	25,885,000	101		May	26,259,000	100	
June	22,841,000	98		June	23,864,000	98		June	25,104,000	98		June	25,254,000	98		June	25,894,000	99	
July	24,060,000	103		July	25,081,000	102		July	26,277,000	103		July	26,023,000	101		July	27,048,000	103	
August	23,670,000	101		August	25,221,000	103		August	26,160,000	102		August	26,130,000	102		August	26,777,000	102	
Sept.	23,223,000	100		Sept.	24,905,000	102		Sept.	25,992,000	102		Sept.	25,753,000	100		Sept.	26,572,000	101	
October	24,142,000	103		October	25,820,000	106		October	26,440,000	104		October	26,562,000	103		October	27,260,000	104	
November	23,631,000	101		November	24,865,000	102		November	25,229,000	99		November	25,572,000	99		November	26,568,000	101	
December	23,040,000	99		December	24,278,000	99		December	24,773,000	97		December	25,199,000	97		December	25,888,000	99	

TABLE XVII.—AVERAGES of Bank of England Circulation for the ten years, 1845—1854; 1855—1864; 1865—1874, and for the thirty years, 1845—1874, showing the fluctuations in the circulation during those periods.

Average of Ten Years, 1845—54. £20,061,000 = 100.			Average of Ten Years, 1855—64. £20,388,500 = 100.		
	£			£	
January	20,317,100	101	January	20,253,400	99
February	19,930,900	99	February	19,806,900	97
March	19,506,900	97	March	19,619,000	96
April	20,500,400	102	April	20,715,700	102
May	20,211,300	101	May	20,488,100	100
June	19,624,500	98	June	20,048,100	98
July	20,656,200	103	July	21,086,500	103
August	20,325,900	101	August	20,840,600	102
September	19,652,400	98	September	20,365,700	100
October	20,561,800	103	October	21,181,200	104
November	20,141,600	100	November	20,573,300	101
December	19,304,900	96	December	19,684,000	97

Average of Ten Years, 1865—74. £24,027,500 = 100.			Average of Thirty Years, 1845—74. £21,492,000 = 100.		
	£			£	
January	23,664,600	98	January	21,411,700	100
February	23,106,300	96	February	20,948,000	97
March	22,979,300	96	March	20,701,700	96
April	24,061,000	100	April	21,759,000	101
May	24,190,500	101	May	21,629,900	101
June	23,893,200	99	June	21,184,600	99
July	24,874,300	103	July	22,205,600	103
August	24,678,200	103	August	21,948,200	102
September	24,251,700	101	September	21,423,200	100
October	24,970,600	104	October	22,237,900	104
November	24,133,200	100	November	21,616,000	101
December	23,527,400	98	December	20,838,700	97

TABLE XVIII.—ANNUAL AVERAGES of Total Circulation of United Kingdom for the years 1845-74. Showing the Total Circulation, the proportion *issued against* gold, the proportion *not issued against* gold, and the monthly fluctuations under these three heads, showing that the fluctuations in the portion *issued against* gold are greater than in the remainder of the circulation.

1845.

	Total Circulation. Average of Year £39,648,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,336,000=100. 19 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £31,312,000=100. 81 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	38,163,000	99	7,032,000	96	18	31,131,000	99	82
February ..	37,929,000	98	6,211,000	85	16	31,718,000	101	84
March ..	37,349,000	97	5,733,000	78	15	31,616,000	101	85
April ..	39,009,000	101	6,965,000	95	18	32,044,000	102	82
May ..	38,909,000	101	7,618,000	104	19	31,291,000	100	81
June ..	37,865,000	98	6,904,000	94	18	30,961,000	99	82
July ..	38,725,000	100	7,644,000	104	20	31,081,000	99	80
August ..	38,315,000	99	7,344,000	100	19	30,971,000	99	81
September ..	37,711,000	98	6,764,000	92	18	30,947,000	99	82
October ..	40,024,000	104	8,463,000	115	21	31,561,000	101	79
November ..	40,419,000	105	9,118,000	125	23	31,301,000	100	77
December ..	39,357,000	102	8,236,000	112	21	31,121,000	99	79

1846.

	Total Circulation. Average of Year £38,651,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,482,000=100. 19 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £31,169,000=100. 81 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	39,494,000	102	8,203,000	110	21	31,291,000	100	79
February ..	38,296,000	99	7,278,000	97	19	31,018,000	99	81
March ..	37,605,000	97	6,522,000	87	17	31,083,000	100	83
April ..	39,019,000	101	7,538,000	101	19	31,481,000	101	81
May ..	38,878,000	101	7,577,000	101	19	31,301,000	100	81
June ..	37,618,000	97	6,647,000	89	18	30,971,000	99	82
July ..	38,238,000	99	7,287,000	97	19	30,951,000	99	81
August ..	37,698,000	97	6,847,000	91	18	30,851,000	99	82
September ..	37,878,000	98	6,707,000	90	18	31,171,000	100	82
October ..	40,048,000	104	8,517,000	114	21	31,531,000	101	79
November ..	39,836,000	103	8,555,000	114	21	31,281,000	100	79
December ..	39,205,000	101	8,104,000	108	21	31,101,000	100	79

1847.

	Total Circulation. Average of Year £35,929,000=100.		Proportion <i>issued against</i> Gold. Average of Year £5,768,000=100. 16 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,161,000=100. 84 p. ct.		
	£		£		P. ct.	£		P. c
January ..	39,595,000	110	8,264,000	143	21	31,331,000	104	79
February ..	37,820,000	105	6,629,000	115	18	31,191,000	103	82
March ..	37,111,000	103	5,880,000	102	16	31,231,000	104	84
April ..	38,020,000	106	6,559,000	114	17	31,461,000	104	83
May ..	36,542,000	102	5,627,000	97	15	30,915,000	103	85
June ..	34,667,000	97	4,705,000	81	14	29,962,000	99	86
July ..	34,950,000	97	5,276,000	91	15	29,674,000	98	85
August ..	34,149,000	95	4,795,000	83	14	29,354,000	97	86
September ..	33,781,000	94	4,426,000	77	13	29,355,000	97	87
October ..	36,048,000	100	6,045,000	105	17	30,003,000	99	83
November ..	35,294,000	98	6,198,000	107	18	29,096,000	96	82
December ..	33,176,000	92	4,816,000	84	15	28,360,000	94	85

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold for the years 1845–74.

1848.									
	Total Circulation. Average of Year £32,356,000=100.		Proportion <i>issued against</i> Gold. Average of Year £4,228,000=100. 13 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,128,000=100. 87 p. ct.			
	£		£		P. ct.	£		P. ct.	
January ..	33,953,000	105	5,431,000	128	16	28,522,000	101	84	
February ..	32,881,000	101	4,479,000	105	14	28,402,000	101	86	
March ..	32,008,000	99	3,779,000	89	12	28,229,000	100	88	
April ..	32,957,000	102	4,374,000	103	13	28,583,000	102	87	
May ..	32,727,000	101	4,279,000	101	13	28,448,000	101	87	
June ..	31,857,000	98	3,929,000	93	12	27,928,000	99	88	
July ..	32,260,000	100	4,634,000	110	14	27,626,000	98	86	
August ..	31,619,000	98	4,320,000	102	14	27,299,000	97	86	
September ..	31,134,000	96	3,698,000	87	12	27,436,000	98	88	
October ..	32,632,000	101	4,289,000	101	13	28,343,000	101	87	
November..	32,838,000	101	4,184,000	99	13	28,654,000	102	87	
December..	31,410,000	97	3,340,000	79	11	28,070,000	100	89	

1849.

	Total Circulation. Average of Year £32,049,000=100.		Proportion <i>issued against</i> Gold. Average of Year £4,512,000=100. 14 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £27,537,000=100. 86 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	32,185,000	100	4,207,000	93	13	27,978,000	102	87
February ..	32,056,000	100	4,384,000	97	14	27,672,000	100	86
March ..	31,326,000	98	3,889,000	86	12	27,437,000	100	88
April ..	32,715,000	102	4,870,000	108	15	27,845,000	101	85
May ..	32,715,000	102	4,880,000	108	15	27,835,000	101	85
June ..	31,578,000	98	4,345,000	96	14	27,233,000	99	86
July ..	32,328,000	101	5,248,000	116	16	27,080,000	98	84
August ..	31,589,000	98	4,830,000	107	15	26,759,000	97	85
September ..	30,683,000	96	3,949,000	88	13	26,734,000	97	87
October ..	32,476,000	101	4,705,000	104	14	27,771,000	101	86
November..	32,789,000	102	4,566,000	101	14	28,223,000	102	86
December ..	32,151,000	100	4,270,000	95	13	27,881,000	101	87

1850.

	Total Circulation. Average of Year £33,457,000=100.		Proportion <i>issued against</i> Gold. Average of Year £5,584,000=100. 17 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £27,873,000=100. 83 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	33,248,000	99	5,121,000	92	15	28,127,000	101	85
February ..	33,231,000	99	5,281,000	95	16	27,950,000	100	84
March ..	32,697,000	98	4,983,000	89	15	27,714,000	99	85
April ..	34,127,000	102	6,013,000	108	18	28,114,000	101	82
May ..	34,104,000	102	5,978,000	107	18	28,126,000	101	82
June ..	33,143,000	99	5,584,000	100	17	27,559,000	99	83
July ..	34,158,000	102	6,666,000	119	19	27,492,000	99	81
August ..	33,305,000	100	6,090,000	109	18	27,215,000	98	82
September ..	32,612,000	97	5,241,000	94	16	27,371,000	98	84
October ..	34,063,000	102	5,832,000	105	17	28,231,000	101	83
November..	33,941,000	101	5,445,000	98	16	28,496,000	102	84
December ..	32,859,000	98	4,775,000	85	15	28,084,000	101	85

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845-74.

1851.

	Total Circulation. Average of Year £33,342,000=100.		Proportion <i>issued against</i> Gold. Average of Year £5,611,000=100. 17 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £27,731,000=100. 83 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	33,923,000	102	5,753,000	103	17	28,170,000	101	83
February ..	33,146,000	99	5,158,000	92	16	27,988,000	101	84
March ..	32,652,000	98	4,888,000	87	15	27,764,000	100	85
April ..	33,908,000	102	5,682,000	101	17	28,226,000	102	83
May ..	33,650,000	101	5,504,000	98	16	28,146,000	102	84
June ..	32,950,000	99	5,374,000	96	16	27,576,000	100	84
July ..	33,622,000	101	6,349,000	113	19	27,273,000	99	81
August ..	32,991,000	99	6,086,000	108	18	26,905,000	97	82
September ..	32,139,000	96	5,190,000	93	16	26,949,000	97	84
October ..	33,912,000	102	6,179,000	110	18	27,733,000	100	82
November..	34,294,000	103	6,116,000	109	18	28,178,000	102	82
December ..	32,919,000	99	5,055,000	90	15	27,864,000	101	85

1852.

	Total Circulation. Average of Year £36,422,000=100.		Proportion <i>issued against</i> Gold. Average of Year £8,140,000=100. 22 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,283,000=100. 78 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	34,594,000	95	6,597,000	81	19	27,997,000	98	81
February ..	34,405,000	95	6,534,000	80	19	27,871,000	98	81
March ..	33,974,000	93	6,150,000	76	18	27,824,000	98	82
April ..	35,632,000	98	7,412,000	91	21	28,220,000	100	79
May ..	36,089,000	99	7,876,000	97	22	28,213,000	100	78
June ..	35,797,000	98	7,931,000	98	22	27,866,000	98	78
July ..	37,270,000	102	9,477,000	116	25	27,803,000	98	75
August ..	36,728,000	101	9,064,000	111	25	27,664,000	98	75
September..	36,209,000	99	8,263,000	102	23	27,946,000	98	77
October ..	38,658,000	106	9,470,000	116	24	29,188,000	103	76
November..	39,269,000	108	9,799,000	120	25	29,470,000	104	75
December ..	38,444,000	106	9,112,000	112	24	29,332,000	103	76

1853.

	Total Circulation. Average of Year £38,852,000=100.		Proportion <i>issued against</i> Gold. Average of Year £9,304,000=100. 24 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,548,000=100. 76 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	39,380,000	101	9,833,000	106	25	29,547,000	100	75
February ..	38,118,000	98	8,700,000	93	23	29,418,000	100	77
March ..	37,507,000	97	8,169,000	88	22	29,338,000	99	78
April ..	39,161,000	101	9,508,000	102	24	29,653,000	100	76
May ..	39,119,000	101	9,563,000	103	24	29,556,000	100	76
June ..	39,050,000	100	9,897,000	106	25	29,153,000	98	75
July ..	39,190,000	101	10,179,000	109	26	29,011,000	98	74
August ..	38,627,000	99	9,761,000	105	25	28,866,000	97	75
September..	37,994,000	98	8,897,000	95	23	29,097,000	98	77
October ..	40,047,000	103	9,911,000	106	25	30,136,000	102	75
November..	39,681,000	102	9,160,000	98	23	30,521,000	103	77
December ..	38,355,000	99	8,074,000	87	21	30,281,000	102	79

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845–74.

1854.									
	Total Circulation. Average of Year £37,935,000=100.			Proportion <i>issued against</i> Gold. Average of Year £7,848,000=100. 21 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,087,000=100. 79 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	39,545,000	104		9,074,000	116	23	30,471,000	101	77
February ..	39,138,000	103		8,777,000	112	22	30,361,000	101	78
March ..	38,603,000	102		8,262,000	105	21	30,341,000	101	79
April ..	39,792,000	105		9,251,000	118	23	30,541,000	101	77
May ..	38,568,000	102		8,177,000	104	21	30,391,000	101	79
June ..	37,161,000	98		7,274,000	93	20	29,887,000	99	80
July ..	36,826,000	97		7,428,000	95	20	29,398,000	98	80
August ..	36,076,000	95		7,035,000	90	19	29,041,000	96	81
September ..	35,737,000	94		6,495,000	83	18	29,242,000	97	82
October ..	38,211,000	101		7,681,000	98	20	30,530,000	101	80
November ..	38,313,000	101		7,792,000	99	20	30,521,000	101	80
December ..	37,258,000	98		6,937,000	88	19	30,321,000	101	81

1855.									
	Total Circulation. Average of Year £37,254,000=100.			Proportion <i>issued against</i> Gold. Average of Year £7,100,000=100. 19 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,154,000=100. 81 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	37,808,000	102		7,317,000	103	19	30,491,000	101	81
February ..	36,894,000	99		6,693,000	94	18	30,201,000	100	82
March ..	36,449,000	98		6,148,000	86	17	30,301,000	100	83
April ..	37,555,000	101		6,974,000	98	19	30,581,000	101	81
May ..	37,085,000	99		6,646,000	94	18	30,439,000	101	82
June ..	36,867,000	99		6,978,000	98	19	29,889,000	99	81
July ..	37,419,000	101		7,829,000	110	21	29,620,000	98	79
August ..	36,594,000	98		7,343,000	103	20	29,251,000	97	80
September ..	36,374,000	98		6,850,000	97	19	29,524,000	98	81
October ..	38,758,000	104		8,087,000	114	21	30,671,000	101	79
November ..	38,195,000	102		7,654,000	108	20	30,541,000	101	80
December ..	37,027,000	100		6,685,000	94	18	30,341,000	100	82

1856.									
	Total Circulation. Average of Year £37,453,000=100.			Proportion <i>issued against</i> Gold. Average of Year £6,590,000=100. 18 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,863,000=100. 82 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	37,352,000	100		6,436,000	98	17	30,916,000	101	83
February ..	36,308,000	97		5,692,000	86	16	30,616,000	100	84
March ..	35,883,000	96		5,187,000	79	14	30,696,000	100	86
April ..	37,196,000	100		6,190,000	94	17	31,006,000	101	83
May ..	37,159,000	100		6,253,000	95	17	30,906,000	101	83
June ..	37,000,000	99		6,334,000	96	17	30,666,000	100	83
July ..	37,226,000	100		7,295,000	111	19	29,931,000	98	81
August ..	36,696,000	98		6,557,000	100	18	30,139,000	98	82
September ..	37,036,000	99		6,410,000	97	17	30,626,000	100	83
October ..	39,325,000	106		8,319,000	126	21	31,006,000	101	79
November ..	38,758,000	104		7,902,000	120	20	30,856,000	101	80
December ..	37,103,000	100		6,507,000	99	17	30,596,000	100	83

TABLE XVIII. *continued*.—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845-74.

1857.									
	Total Circulation. Average of Year £37,055,000=100.			Proportion <i>issued against</i> Gold. Average of Year £6,306,000=100. 17 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,749,000=100. 83 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	37,370,000	101		6,654,000	106	18	30,716,000	100	82
February ..	36,572,000	99		6,016,000	95	16	30,556,000	99	84
March ..	36,517,000	99		5,831,000	92	16	30,686,000	100	84
April ..	37,690,000	102		6,774,000	107	18	30,916,000	101	82
May ..	37,262,000	101		6,466,000	103	17	30,796,000	100	83
June ..	37,048,000	100		6,262,000	99	17	30,786,000	100	83
July ..	37,018,000	100		6,512,000	103	18	30,536,000	99	82
August ..	36,130,000	97		5,859,000	93	16	30,271,000	98	84
September	36,209,000	98		5,673,000	90	16	30,536,000	99	84
October ..	38,522,000	104		7,646,000	121	20	30,876,000	100	80
November..	38,386,000	103		7,000,000	111	18	31,386,000	102	82
December..	35,903,000	97		4,973,000	79	14	30,930,000	101	86

1858.

	Total Circulation. Average of Year £36,384,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,057,000=100. 19 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,327,000=100. 81 p. ct.		
	£		£			£		
January ..	35,323,000	97	6,511,000	92	18	28,812,000	98	82
February ..	35,128,000	96	6,232,000	88	18	28,896,000	99	82
March ..	35,066,000	96	5,956,000	84	17	29,110,000	99	83
April ..	36,435,000	100	6,776,000	96	19	29,659,000	101	81
May ..	36,572,000	100	6,845,000	97	19	29,727,000	101	81
June ..	36,170,000	99	6,868,000	97	19	29,302,000	100	81
July ..	36,190,000	99	7,218,000	102	20	28,972,000	99	80
August ..	35,737,000	98	7,048,000	100	20	28,689,000	98	80
September	36,033,000	99	6,854,000	97	19	29,179,000	99	81
October ..	38,239,000	105	8,361,000	118	22	29,878,000	102	78
November..	38,468,000	105	8,500,000	121	22	29,968,000	102	78
December ..	37,254,000	102	7,516,000	107	20	29,738,000	101	80

1859.

	Total Circulation. Average of Year £38,775,000 = 100.		Proportion <i>issued against</i> Gold. Average of Year £8,772,000 = 100. 22 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £30,003,000 = 100. 78 p. ct.		
	£		£	P. ct.		£	P. ct.	
January ..	38,066,000	98	8,168,000	93	21	29,898,000	99	79
February ..	37,674,000	97	7,836,000	89	21	29,838,000	99	79
March ..	37,615,000	97	7,677,000	87	20	29,938,000	100	80
April ..	39,235,000	101	8,977,000	102	23	30,258,000	101	77
May ..	39,196,000	101	9,128,000	104	23	30,068,000	100	77
June ..	38,465,000	99	8,597,000	98	22	29,868,000	99	78
July ..	38,566,000	99	8,698,000	99	22	29,868,000	99	78
August ..	38,317,000	99	8,586,000	98	22	29,731,000	99	78
September	38,169,000	98	8,211,000	94	22	29,928,000	100	78
October ..	40,434,000	104	10,116,000	115	25	30,318,000	101	75
November..	40,296,000	104	9,978,000	114	25	30,318,000	101	75
December..	39,268,000	101	9,260,000	106	24	30,008,000	100	76

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold for the years 1845–74.

1860.								
	Total Circulation. Average of Year £38,766,000=100.		Proportion <i>issued against</i> Gold. Average of Year £8,774,000=100. 22 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,992,000=100. 78 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	40,076,000	103	9,908,000	113	25	30,168,000	100	75
February ..	38,921,000	100	8,993,000	102	23	29,928,000	100	77
March ..	38,240,000	98	8,252,000	94	21	29,988,000	100	79
April ..	39,878,000	102	9,590,000	109	24	30,288,000	101	76
May ..	39,282,000	101	9,114,000	104	23	30,168,000	100	77
June ..	38,444,000	99	8,516,000	97	22	29,928,000	100	78
July ..	38,853,000	100	8,876,000	101	23	29,977,000	100	77
August ..	38,142,000	98	8,460,000	96	22	29,682,000	99	78
September ..	37,481,000	97	7,851,000	89	21	29,630,000	99	79
October ..	39,243,000	101	9,015,000	103	23	30,228,000	101	77
November ..	38,770,000	100	8,692,000	99	22	30,078,000	100	78
December ..	37,868,000	98	8,020,000	91	21	29,848,000	99	79

1861.								
	Total Circulation. Average of Year £36,657,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,114,000=100. 19 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,543,000=100. 81 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	37,846,000	103	7,908,000	111	21	29,938,000	101	79
February ..	36,811,000	100	7,083,000	99	19	29,728,000	101	81
March ..	35,887,000	98	6,189,000	87	17	29,698,000	100	83
April ..	36,948,000	101	6,900,000	97	19	30,048,000	102	81
May ..	36,682,000	100	6,864,000	96	19	29,818,000	101	81
June ..	35,659,000	97	6,580,000	93	18	29,079,000	98	82
July ..	35,691,000	97	7,077,000	99	20	28,614,000	97	80
August ..	35,304,000	96	6,705,000	94	19	28,599,000	97	81
September ..	36,440,000	99	7,541,000	106	21	28,899,000	98	79
October ..	37,871,000	103	7,822,000	110	21	30,049,000	102	79
November ..	37,938,000	103	7,715,000	108	20	30,223,000	102	80
December ..	36,814,000	101	6,981,000	98	19	29,833,000	101	81

1862.								
	Total Circulation. Average of Year £36,740,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,578,000=100. 21 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,162,000=100. 79 p. ct.		
	£		£			£		
January ..	37,253,000	101	7,423,000	98	19	29,830,000	102	81
February ..	36,593,000	99	7,012,000	92	19	29,581,000	101	81
March ..	35,973,000	98	6,622,000	87	18	29,351,000	101	82
April ..	37,160,000	101	7,543,000	100	20	29,617,000	102	80
May ..	37,212,000	101	7,743,000	102	21	29,469,000	101	79
June ..	36,289,000	99	7,513,000	99	21	28,776,000	99	79
July ..	36,197,000	101	8,657,000	114	23	28,540,000	98	77
August ..	36,749,000	100	8,541,000	113	23	28,208,000	97	77
September ..	35,968,000	98	7,548,000	100	21	28,420,000	97	79
October ..	37,582,000	102	8,182,000	108	22	29,400,000	101	78
November ..	37,040,000	101	7,448,000	98	20	29,592,000	102	80
December ..	35,868,000	98	6,706,000	88	19	29,162,000	100	81

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845-74.

1863.								
	Total Circulation. Average of Year £36,316,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,468,000=100. 20 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,848,000=100. 80 p. ct.		
	£		£	P. ct.		£	P. ct.	
January ..	36,002,000	99	7,015,000	94	19	28,987,000	100	81
February ..	34,973,000	96	6,175,000	82	17	28,798,000	100	83
March ..	34,737,000	96	5,973,000	80	17	28,764,000	100	83
April ..	36,316,000	100	7,170,000	96	20	29,146,000	101	80
May ..	36,416,000	100	7,429,000	99	20	28,987,000	100	80
June ..	35,556,000	98	7,253,000	97	20	28,303,000	98	80
July ..	36,414,000	100	8,139,000	109	22	28,275,000	98	78
August ..	36,058,000	99	8,027,000	107	22	28,031,000	97	78
September..	36,106,000	99	7,737,000	104	21	29,369,000	98	79
October ..	38,371,000	105	8,902,000	119	23	29,469,000	102	77
November..	38,090,000	105	8,395,000	113	22	29,695,000	102	78
December ..	36,760,000	101	7,401,000	99	20	29,359,000	101	80

1864.								
	Total Circulation. Average of Year £36,465,000=100.		Proportion <i>issued against</i> Gold. Average of Year £7,432,000=100. 20 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,033,000=100. 80 p. ct.		
	£		£	P. ct.		£	P. ct.	
January ..	36,684,000	101	7,551,000	101	20	29,133,000	100	80
February ..	35,865,000	98	6,822,000	91	19	29,043,000	100	81
March ..	35,647,000	98	6,675,000	89	19	28,972,000	100	81
April ..	36,972,000	101	7,670,000	102	21	29,302,000	101	79
May ..	37,453,000	102	8,053,000	107	21	29,400,000	101	79
June ..	36,361,000	100	7,544,000	101	21	28,817,000	99	79
July ..	37,145,000	102	8,421,000	112	23	28,724,000	99	77
August ..	36,305,000	100	7,908,000	105	22	28,397,000	98	78
September..	35,683,000	98	7,226,000	96	20	28,457,000	98	80
October ..	37,288,000	102	8,119,000	109	22	29,169,000	100	78
November..	36,543,000	100	7,248,000	97	20	29,295,000	101	80
December ..	35,634,000	98	6,662,000	89	19	28,972,000	100	81

1865.								
	Total Circulation. Average of Year £37,255,000=100.		Proportion <i>issued against</i> Gold. Average of Year £8,222,000=100. 22 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,033,000=100. 75 p. ct.		
	£		£	P. ct.		£	P. ct.	
January ..	36,150,000	97	7,390,000	90	20	28,760,000	99	80
February ..	35,694,000	96	6,861,000	83	19	28,833,000	99	81
March ..	35,189,000	94	6,457,000	78	18	28,732,000	99	82
April ..	36,779,000	99	7,714,000	94	21	29,065,000	100	79
May ..	37,780,000	101	8,581,000	104	23	29,199,000	100	77
June ..	36,890,000	99	8,089,000	98	22	28,801,000	99	78
July ..	37,529,000	101	9,202,000	112	24	28,327,000	97	76
August ..	37,597,000	101	8,951,000	109	24	28,646,000	98	76
September	37,184,000	101	8,386,000	102	22	29,098,000	100	78
October ..	39,527,000	106	9,664,000	117	24	29,863,000	103	76
November..	38,641,000	104	8,988,000	109	23	29,653,000	102	77
December ..	37,808,000	101	8,375,000	102	22	29,433,000	101	78

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845–74.

1866.							
	Total Circulation. Average of Year £38,641,000=100.		Proportion <i>issued against</i> Gold. Average of Year £9,959,000=100. 26 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,682,000=100. 74 p. ct.	
	£		£		P. ct.	£	P. ct.
January ..	38,128,000	99	8,635,000	87	23	29,493,000	103 77
February ..	36,855,000	95	7,716,000	77	21	29,139,000	102 79
March ..	36,498,000	94	7,344,000	74	20	29,154,000	102 80
April ..	38,091,000	99	8,695,000	87	23	29,399,000	102 77
May ..	40,405,000	104	11,425,000	115	28	28,980,000	101 72
June ..	40,020,000	103	12,139,000	122	30	27,881,000	97 70
July ..	39,565,000	102	12,021,000	120	30	27,544,000	96 70
August ..	38,712,000	100	11,169,000	111	29	27,543,000	96 71
September	37,766,000	98	10,031,000	101	26	27,735,000	97 74
October ..	39,605,000	102	10,666,000	107	27	28,939,000	101 73
November.	39,445,000	102	10,142,000	102	26	29,303,000	102 74
December ..	38,609,000	100	9,526,000	96	25	29,083,000	101 75

1867.							
	Total Circulation. Average of Year £38,917,000=100.		Proportion <i>issued against</i> Gold. Average of Year £10,299,000=100. 26 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,618,000=100. 74 p. ct.	
	£		£		P. ct.	£	P. ct.
January ..	39,299,000	101	10,007,000	97	25	29,292,000	102 75
February ..	38,183,000	98	9,237,000	90	24	28,946,000	101 76
March ..	37,452,000	96	8,723,000	85	23	28,729,000	100 77
April ..	38,744,000	99	9,874,000	96	25	28,870,000	101 75
May ..	38,768,000	99	10,139,000	98	26	28,629,000	100 74
June ..	38,020,000	98	9,997,000	97	26	28,023,000	98 74
July ..	38,738,000	99	10,940,000	106	28	27,798,000	97 72
August ..	38,330,000	99	10,725,000	104	28	27,605,000	96 72
September	38,146,000	98	10,376,000	101	27	27,770,000	97 72
October ..	40,599,000	104	11,595,000	113	28	29,004,000	101 72
November..	40,607,000	104	11,234,000	109	28	29,373,000	103 72
December ..	40,125,000	103	10,712,000	104	27	29,383,000	103 73

1868.							
	Total Circulation. Average of Year £39,793,000=100.		Proportion <i>issued against</i> Gold. Average of Year £10,936,000=100. 27 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £28,857,000=100. 73 p. ct.	
	£		£		P. ct.	£	P. ct.
January ..	40,097,000	101	11,015,000	101	27	29,082,000	101 73
February ..	38,967,000	98	10,100,000	92	26	28,867,000	100 74
March ..	38,721,000	97	9,805,000	90	25	28,916,000	100 75
April ..	40,325,000	101	10,934,000	100	27	29,391,000	102 73
May ..	40,241,000	101	11,073,000	101	27	29,168,000	101 73
June ..	39,336,000	99	10,820,000	99	28	28,516,000	99 72
July ..	39,673,000	100	11,444,000	105	29	28,229,000	98 71
August ..	39,074,000	98	11,085,000	101	28	27,989,000	97 72
September	39,058,000	98	10,655,000	98	27	28,403,000	98 73
October ..	40,906,000	103	11,523,000	105	28	29,383,000	102 72
November..	40,768,000	102	11,515,000	105	28	29,253,000	101 72
December ..	40,353,000	101	11,270,000	103	28	29,083,000	101 72

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845-74.

1869.								
	Total Circulation. Average of Year £39,854,000=100.		Proportion <i>issued against</i> Gold. Average of Year £10,781,000=100. 27 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,073,000=100. 73 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	40,581,000	102	11,318,000	105	28	29,263,000	101	72
February ..	39,526,000	99	10,373,000	96	26	29,153,000	100	74
March ..	39,299,000	98	10,116,000	94	26	29,183,000	100	74
April ..	40,181,000	101	10,748,000	99	27	29,433,000	101	73
May ..	40,287,000	101	10,974,000	102	27	29,313,000	101	73
June ..	39,018,000	98	10,138,000	94	26	28,880,000	99	74
July ..	39,516,000	99	10,751,000	99	27	28,765,000	99	73
August ..	39,076,000	98	10,535,000	98	27	28,541,000	98	73
September ..	38,874,000	97	10,254,000	95	26	28,620,000	99	74
October ..	40,668,000	102	11,275,000	105	28	29,393,000	101	72
November..	40,820,000	102	11,547,000	107	28	29,273,000	101	72
December ..	40,403,000	101	11,340,000	105	28	29,063,000	100	72

1870.								
	Total Circulation. Average of Year £39,961,000=100.		Proportion <i>issued against</i> Gold. Average of Year £10,959,000=100. 27 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,002,000=100. 73 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	40,579,000	101	11,166,000	102	27	29,413,000	101	73
February ..	39,010,000	98	9,997,000	91	25	29,018,000	100	75
March ..	38,433,000	96	9,440,000	86	24	28,993,000	100	76
April ..	40,120,000	101	10,837,000	99	27	29,283,000	101	73
May ..	40,339,000	101	11,166,000	102	28	29,173,000	101	72
June ..	39,492,000	99	10,609,000	97	27	28,883,000	100	73
July ..	40,167,000	101	11,374,000	104	28	28,793,000	99	72
August ..	39,247,000	98	10,740,000	98	27	28,507,000	98	73
September ..	38,847,000	97	10,214,000	93	26	28,633,000	99	74
October ..	41,039,000	103	11,836,000	108	29	29,203,000	101	71
November..	41,383,000	104	12,220,000	111	30	29,163,000	101	70
December ..	40,879,000	102	11,906,000	109	29	28,973,000	100	71

1871.								
	Total Circulation. Average of Year £42,113,000=100.		Proportion <i>issued against</i> Gold. Average of Year £12,953,000=100. 31 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,160,000=100. 69 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	41,284,000	98	12,131,000	94	29	29,153,000	100	71
February ..	40,594,000	96	11,601,000	90	29	28,993,000	99	71
March ..	40,187,000	95	11,174,000	86	28	29,013,000	99	72
April ..	41,905,000	99	12,552,000	97	30	29,353,000	101	70
May ..	42,299,000	100	13,006,000	100	31	29,293,000	101	69
June ..	41,479,000	98	12,466,000	96	30	29,013,000	100	70
July ..	42,306,000	100	13,253,000	102	31	29,053,000	100	69
August ..	42,233,000	100	13,230,000	102	31	29,003,000	99	69
September..	42,056,000	100	12,953,000	100	31	29,103,000	100	69
October ..	44,262,000	105	14,769,000	114	33	29,493,000	101	67
November..	43,743,000	104	14,420,000	111	33	29,323,000	101	67
December ..	43,015,000	102	13,882,000	107	32	29,133,000	100	68

TABLE XVIII. *continued.*—ANNUAL AVERAGES of Total Circulation of United Kingdom, showing the proportion *issued against* gold, and the proportion *not issued against* gold, for the years 1845–74.

1872.									
Total Circulation. Average of Year £43,517,000=100.			Proportion <i>issued against</i> Gold. Average of Year £14,307,000=100. 33 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,209,000=100. 67 p. ct.			
	£		£		P. ct.	£		P. ct.	
January ..	43,183,000	99	13,890,000	97	32	29,293,000	100	68	
February ..	42,179,000	97	13,043,000	91	31	29,133,000	100	69	
March ..	41,968,000	96	12,895,000	90	31	29,073,000	99	69	
April ..	43,914,000	101	14,441,000	101	33	29,473,000	101	67	
May ..	43,975,000	101	14,642,000	102	33	29,333,000	100	67	
June ..	43,336,000	100	14,263,000	100	33	29,073,000	99	67	
July ..	44,057,000	101	14,924,000	104	34	29,133,000	100	66	
August ..	43,671,000	100	14,628,000	102	33	29,043,000	99	67	
September ..	43,598,000	100	14,445,000	101	33	29,153,000	100	67	
October ..	44,887,000	103	15,404,000	108	35	29,483,000	101	65	
November ..	44,441,000	102	15,188,000	106	34	29,253,000	100	66	
December ..	42,995,000	99	13,922,000	97	33	29,073,000	100	67	

1873.

	Total Circulation. Average of Year £43,346,000=100.		Proportion <i>issued against</i> Gold. Average of Year £14,169,000=100. 33 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,177,000=100. 67 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	43,234,000	100	14,001,000	99	33	29,233,000	100	67
February ..	42,319,000	98	13,206,000	94	31	29,113,000	100	69
March ..	42,257,000	97	13,164,000	93	31	29,093,000	100	69
April ..	43,976,000	101	14,613,000	103	33	29,363,000	101	67
May ..	44,112,000	102	14,739,000	103	33	29,373,000	101	67
June ..	43,164,000	100	14,141,000	100	33	29,023,000	100	67
July ..	43,121,000	100	14,078,000	99	33	29,043,000	100	67
August ..	42,982,000	99	14,049,000	99	33	28,933,000	99	67
September ..	42,654,000	98	13,611,000	96	32	29,043,000	100	68
October ..	44,577,000	103	15,124,000	107	34	29,453,000	101	66
November ..	44,485,000	102	15,172,000	107	34	29,313,000	101	66
December ..	43,279,000	100	14,136,000	100	33	29,143,000	100	67

1874.								
	Total Circulation. Average of Year £43,879,000=100.		Proportion <i>issued against</i> Gold. Average of Year £14,848,000=100. 34 p. ct.			Proportion <i>not issued against</i> Gold. Average of Year £29,031,000=100. 66 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	43,579,000	99	14,266,000	96	33	29,313,000	101	67
February ..	42,725,000	98	13,572,000	91	32	29,153,000	100	68
March ..	42,553,000	97	13,430,000	90	32	29,123,000	100	68
April ..	44,045,000	100	14,702,000	99	33	29,343,000	101	67
May ..	44,229,000	101	14,996,000	101	34	29,233,000	101	66
June ..	43,804,000	100	14,731,000	99	34	29,073,000	100	66
July ..	43,828,000	100	15,119,000	102	34	28,709,000	99	66
August ..	43,237,000	99	14,758,000	99	34	28,479,000	98	66
September ..	43,132,000	98	14,513,000	98	34	28,619,000	99	66
October ..	45,550,000	104	16,277,000	109	36	29,273,000	101	64
November ..	45,808,000	104	16,675,000	112	36	29,133,000	100	64
December ..	44,068,000	100	15,145,000	102	34	28,923,000	100	66

TABLE XIX.—AVERAGES of the total Note Circulation of the United Kingdom showing the proportion *issued against* gold, the proportion *not issued against* gold, and the fluctuations in the same for the ten years 1845-54; 1855-64; 1865-74, and the thirty years 1845-74.

Ten years 1845-54.									
	Total Circulation of the United Kingdom. Average of Ten Years £35,764,400=100.			Proportion of Notes <i>issued against</i> Gold. Average of Ten Years £6,581,466=100. 18 p. ct.			Proportion of Notes <i>not issued against</i> Gold. Average of Ten Years £29,183,016=100. 82 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	36,408,000	102		6,951,500	106	19	29,456,500	101	81
February ..	35,702,000	100		6,343,100	96	18	29,358,900	101	82
March ..	35,083,200	98		5,825,500	89	17	29,257,700	100	83
April ..	36,434,000	102		6,817,200	103	19	29,616,800	102	81
May ..	36,130,100	101		6,707,900	102	19	29,422,200	101	81
June ..	35,168,600	98		6,259,000	95	18	28,909,600	99	82
July ..	35,756,700	100		7,018,800	107	20	28,738,900	99	80
August ..	35,109,700	98		6,617,200	100	19	28,492,500	98	81
September ..	34,587,800	96		5,963,000	90	17	28,624,800	98	83
October ..	36,611,900	102		7,109,200	108	20	29,502,700	101	80
November..	36,667,400	102		7,093,300	108	19	29,574,100	101	81
December ..	35,513,400	99		6,271,900	95	18	29,241,500	100	82
Ten years 1855-64.									
	Total Circulation of the United Kingdom. Average of Ten Years £37,166,850=100.			Proportion of Notes <i>issued against</i> Gold. Average of Ten Years £7,425,041=100. 20 p. ct.			Proportion of Notes <i>not issued against</i> Gold. Average of Ten Years £29,741,808=100. 80 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	37,378,000	100		7,489,100	101	20	29,888,900	100	80
February ..	36,573,900	98		6,855,400	92	19	29,718,500	100	81
March ..	36,201,400	98		6,451,000	87	18	29,750,400	100	82
April ..	37,538,500	101		7,456,400	100	20	30,082,100	101	80
May ..	37,431,900	101		7,454,100	100	20	29,977,800	101	80
June ..	36,785,900	99		7,244,500	98	20	29,541,400	99	80
July ..	37,177,900	100		7,872,200	106	21	29,305,700	99	79
August ..	36,603,200	98		7,503,400	101	21	29,099,800	98	79
September ..	36,549,900	98		7,193,100	97	20	29,356,800	99	80
October ..	38,563,300	104		8,456,900	114	22	30,106,400	101	78
November..	38,248,400	103		8,053,200	108	21	30,195,200	101	79
December ..	36,949,900	99		7,071,200	95	19	29,878,700	100	81
Ten years 1865-74.									
	Total Circulation of the United Kingdom. Average of Ten Years £40,723,075=100.			Proportion of Notes <i>issued against</i> Gold. Average of Ten Years £11,743,400=100. 29 p. ct.			Proportion of Notes <i>not issued against</i> Gold. Average of Ten Years £28,984,533=100. 71 p. ct.		
	£			£	P. ct.		£		P. ct.
January ..	40,611,400	100		11,381,900	97	28	29,229,500	101	72
February ..	39,605,200	98		10,570,900	90	27	29,034,300	100	73
March ..	39,255,700	97		10,254,800	87	26	29,000,900	100	74
April ..	40,808,300	100		11,511,000	98	28	29,297,300	101	72
May ..	41,243,500	101		12,074,100	103	29	29,169,400	100	71
June ..	40,455,900	100		11,739,300	100	29	28,715,600	99	71
July ..	40,850,000	101		12,310,600	105	30	28,539,400	98	70
August ..	40,415,900	100		11,987,300	102	30	28,428,600	98	70
September ..	40,161,500	99		11,543,800	99	28	28,617,700	99	72
October ..	42,162,000	104		12,813,300	109	30	29,348,700	101	70
November..	42,014,100	104		12,710,100	108	30	29,304,000	101	70
December ..	41,153,400	101		12,024,400	102	29	29,129,000	100	71

TABLE XIX. *continued*.—AVERAGES of the total Note Circulation of the United Kingdom, showing the proportion *issued against* gold, the proportion *not issued against* gold, and the fluctuations in the same for the ten years, 1845-54; 1855-64; 1865-74, and the thirty years, 1845-74.

Thirty years 1845-74.								
	Total Circulation of the United Kingdom.		Proportion of Notes issued against Gold.			Proportion of Notes not issued against Gold.		
	Average of Thirty Years £37,886,500=100.		Average of Thirty Years £8,583,320=100. 23 p. ct.			Average of Thirty Years £29,303,000=100. 77 p. ct.		
	£		£		P. ct.	£		P. ct.
January ..	38,132,400	101	8,607,500	100	23	29,524,600	101	77
February ..	37,293,700	99	7,923,100	92	21	29,370,500	100	79
March ..	36,847,000	97	7,510,400	87	20	29,336,300	100	80
April ..	38,260,200	101	8,594,800	100	22	29,665,400	101	78
May ..	38,268,500	101	8,745,300	102	23	29,523,100	101	77
June ..	37,470,100	99	8,414,200	98	23	29,055,500	99	77
July ..	37,928,200	100	9,067,200	106	24	28,861,000	98	76
August ..	37,377,600	99	8,702,600	101	23	28,673,000	98	77
September	37,099,700	98	8,233,300	96	22	28,866,400	98	78
October ..	39,112,400	103	9,459,800	110	24	29,652,600	101	76
November..	38,976,600	103	9,285,500	108	24	29,691,100	101	76
December ..	37,872,200	100	8,455,800	98	22	29,416,400	100	78

TABLE XX.—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.
ANNUAL AVERAGES of Circulation of Notes of the Bank of England, showing the Provincial circulation, the Metropolitan circulation, and the Total circulation of the Notes of the Bank, also the proportion of the circulation in each year to that in 1844. Cols. 2 to 4.

1 Year.	3 Bank of England.					
	4					
	Branches.	1844=100	London.	1844=100	Total.	1844=100
	£		£		£	
1844..	6,510,000	100	13,740,000	100	20,250,000	100
'45..	7,130,000	109	13,544,000	99	20,674,000	102
1846..	6,770,000	104	13,482,000	98	20,252,000	100
'47..	6,530,000	101	12,593,000	92	19,123,000	94
'48..	5,830,000	90	12,256,000	89	18,086,000	89
'49..	5,900,000	91	12,538,000	91	18,438,000	91
'50..	6,260,000	96	13,188,000	96	19,448,000	96
1851..	6,420,000	99	13,040,000	95	19,460,000	96
'52..	6,940,000	107	14,970,000	109	21,910,000	108
'53..	7,810,000	120	14,792,000	108	22,602,000	112
'54..	7,380,000	113	13,308,000	97	20,688,000	102
'55..	7,040,000	108	12,790,000	93	19,830,000	98
1856..	6,970,000	107	12,697,000	92	19,667,000	97
'57..	7,000,000	108	12,467,000	91	19,467,000	96
'58..	6,880,000	106	13,368,000	97	20,248,000	100
'59..	7,660,000	118	13,666,000	99	21,326,000	106
'60..	7,910,000	121	13,342,000	97	21,252,000	105
1861..	7,390,000	113	12,602,000	92	19,992,000	99
'62..	7,480,000	115	13,355,000	97	20,835,000	103
'63..	7,440,000	114	13,224,000	96	20,664,000	102
'64..	7,570,000	116	13,035,000	95	20,605,000	102
'65..	7,720,000	119	13,397,000	97	21,117,000	105
1866..	8,480,000	130	14,679,000	107	23,159,000	114
'67..	8,610,000	132	14,828,000	108	23,438,000	116
'68..	8,990,000	138	14,942,000	109	23,932,000	118
'69..	8,860,000	136	14,623,000	107	23,483,000	116
'70..	8,830,000	136	14,497,000	106	23,327,000	115
1871..	9,320,000	143	15,096,000	110	24,416,000	121
'72..	9,880,000	152	15,612,000	114	25,492,000	126
'73..	9,990,000	153	15,655,000	114	25,645,000	127
'74..	10,160,000	156	16,104,000	117	26,264,000	130

TABLE XX. *continued*.—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.

ANNUAL AVERAGES of Circulation of Notes of the Private and Joint-Stock Banks of England and Wales, the proportion of the circulation in each year to that in 1844, in Cols. 5 to 7.

	5		6		7	
Year.	Private and Joint-Stock Banks.					
	Private.	1844=100	Joint Stock.	1844=100	Total.	1844=100
	£		£		£	
1844..	4,780,000	100	3,390,000	100	8,170,000	100
'45..	4,520,000	95	3,190,000	94	7,710,000	94
1846..	4,560,000	95	3,170,000	94	7,730,000	94
'47..	4,470,000	95	2,890,000	91	7,360,000	93
'48..	3,680,000	77	2,600,000	77	6,280,000	77
'49..	3,580,000	75	2,630,000	78	6,210,000	76
'50..	3,590,000	75	2,740,000	81	6,330,000	77
1851..	3,470,000	72	2,740,000	81	6,210,000	76
'52..	3,550,000	74	2,860,000	84	6,410,000	78
'53..	3,800,000	79	3,040,000	90	6,840,000	84
'54..	3,800,000	79	3,030,000	89	6,830,000	83
'55..	3,850,000	80	3,050,000	90	6,900,000	84
1856..	3,750,000	78	3,040,000	90	6,790,000	83
'57..	3,630,000	76	3,010,000	89	6,640,000	81
'58..	3,240,000	68	2,750,000	81	5,990,000	73
'59..	3,440,000	72	2,990,000	88	6,430,000	79
'60..	3,450,000	72	3,000,000	80	6,450,000	79
1861..	3,240,000	68	2,890,000	85	6,130,000	75
'62..	3,230,000	67	2,890,000	85	6,120,000	75
'63..	3,160,000	66	2,880,000	85	6,040,000	74
'64..	3,120,000	65	2,850,000	84	5,970,000	73
'65..	2,950,000	62	2,840,000	84	5,790,000	71
1866..	2,770,000	58	2,380,000	70	5,150,000	63
'67..	2,800,000	58	2,300,000	68	5,100,000	62
'68..	2,750,000	57	2,300,000	68	5,050,000	62
'69..	2,730,000	57	2,320,000	68	5,050,000	62
'70..	2,610,000	54	2,300,000	68	4,910,000	60
1871..	2,680,000	56	2,370,000	70	5,050,000	62
'72..	2,710,000	56	2,390,000	70	5,100,000	62
'73..	2,670,000	56	2,400,000	71	5,070,000	62
'74..	2,620,000	54	2,360,000	70	4,980,000	61

TABLE XX. *continued*.—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.

ANNUAL AVERAGE of the total Note Circulation of England and Wales, Scotland, and of Ireland, in Cols. 8 to 10. Also the proportion of the circulation in each Year to that in 1844.

Year.	8 Total of England and Wales.	1844=100	9 Total of Scotland.	1844=100	10 Total of Ireland.	1844=100
	£		£		£	
1844..	28,420,000	100	3,020,000	100	5,940,000	100
'45..	28,384,000	100	3,294,000	109	6,949,000	117
1846..	27,982,000	98	3,405,000	113	7,260,000	122
'47..	26,483,000	93	3,551,000	117	6,009,000	101
'48..	24,366,000	86	3,176,000	105	4,829,000	81
'49..	24,648,000	87	3,134,000	104	4,310,000	72
'50..	25,778,000	91	3,225,000	107	4,512,000	76
1851..	25,670,000	90	3,243,000	107	4,463,000	75
'52..	28,320,000	100	3,404,000	113	4,818,000	81
'53..	29,442,000	103	3,789,000	125	5,650,000	95
'54..	27,518,000	97	4,055,000	134	6,296,000	106
'55..	26,730,000	94	4,105,000	136	6,362,000	107
1856..	26,457,000	93	4,093,000	135	6,652,000	112
'57..	26,107,000	92	4,080,000	135	6,822,000	115
'58..	26,238,000	92	3,926,000	130	6,183,000	104
'59..	27,756,000	98	4,111,000	136	6,870,000	116
'60..	27,702,000	97	4,228,000	140	6,840,000	115
1861..	26,122,000	92	4,197,000	139	6,266,000	106
'62..	26,955,000	95	4,153,000	137	5,638,000	95
'63..	26,704,000	94	4,204,000	139	5,405,000	91
'64..	26,575,000	93	4,262,000	141	5,594,000	94
'65..	26,907,000	95	4,383,000	145	5,987,000	101
866..	28,309,000	100	4,440,000	147	5,884,000	99
'67..	28,538,000	101	4,566,000	151	5,811,000	98
'68..	28,982,000	102	4,609,000	152	6,181,000	104
'69..	28,533,000	100	4,730,000	157	6,608,000	111
'70..	28,237,000	99	4,933,000	163	6,880,000	116
1871..	29,466,000	104	5,178,000	172	7,544,000	127
'72..	30,592,000	107	5,332,000	176	7,674,000	129
'73..	30,715,000	108	5,634,000	186	7,077,000	119
'74..	31,244,000	110	5,900,000	195	6,768,000	114

TABLE XX. *continued.*—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.

The position of the Scotch and Irish Circulations, and the amount of their excess over the limit fixed by the Act of 1845, in Cols. 12, 13, and 14. The annual averages of the total Note circulation of the United Kingdom in Col. 11; also the proportions of the circulation in each year to that in 1844.

Year.	11 Total United Kingdom.	1844=100	12 Scotch over Limit, 1845.	13 Irish, over or below Limit, 1845.	14 Scotch or Iri-h or both, above Limit, 1845.
	£		£	£	£
1844 ..	37,380,000	100	—	—	—
'45 ..	38,627,000	103	207,000	+ 595,000	802,000
1846 ..	38,647,000	103	318,000	+ 906,000	1,224,000
'47 ..	36,043,000	97	464,000	- 345,000	464,000
'48 ..	32,371,000	86	89,000	- 1,525,000	89,000
'49 ..	32,092,000	86	47,000	- 2,044,000	47,000
'50 ..	33,515,000	90	138,000	- 1,842,000	138,000
1851 ..	33,376,000	89	156,000	- 1,891,000	156,000
'52 ..	36,542,000	98	317,000	- 1,536,000	317,000
'53 ..	38,881,000	104	702,000	- 704,000	702,000
'54 ..	37,869,000	101	968,000	- 58,000	968,000
'55 ..	37,197,000	99	1,018,000	+ 8,000	1,026,000
1856 ..	37,202,000	100	1,006,000	+ 298,000	1,304,000
'57 ..	37,009,000	99	993,000	+ 468,000	1,461,000
'58 ..	36,347,000	97	1,177,000	- 171,000	1,177,000
'59 ..	38,737,000	104	1,362,000	+ 516,000	1,878,000
'60 ..	38,770,000	104	1,479,000	+ 486,000	1,965,000
1861 ..	36,585,000	98	1,448,000	- 88,000	1,448,000
'62 ..	36,746,000	98	1,404,000	- 716,000	1,404,000
'63 ..	36,313,000	97	1,455,000	- 949,000	1,455,000
'64 ..	36,431,000	97	1,513,000	- 760,000	1,513,000
'65 ..	37,277,000	100	1,634,000	- 367,000	1,634,000
1866 ..	38,633,000	103	1,691,000	- 470,000	1,691,000
'67 ..	38,915,000	104	1,817,000	- 543,000	1,817,000
'68 ..	39,772,000	106	1,860,000	- 173,000	1,860,000
'69 ..	39,871,000	107	1,981,000	+ 254,000	2,235,000
'70 ..	40,050,000	107	2,184,000	+ 526,000	2,710,000
1871 ..	42,188,000	113	2,429,000	+ 190,000	2,619,000
'72 ..	43,598,000	117	2,583,000	+ 1,320,000	3,903,000
'73 ..	43,426,000	116	2,885,000	+ 723,000	3,608,000
'74 ..	43,912,000	117	3,151,000	+ 414,000	3,565,000

TABLE XX. *continued.*—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.

The ANNUAL AVERAGES of the Amounts of Circulation of the United Kingdom, *issued against gold*, and the amounts *not issued against gold*, Cols. 15 and 16, also the proportions of the same to their amounts in 1844, and the Percentage each proportion bears to the Total Annual Average Circulation.

Year.	15 Amounts of Circulation Issued against Gold, 1844=100.	Proportion of Circulation Issued against Gold to that in 1844. 1844=100	Per- centage of Circula- tion issued against Gold.	16 Amounts of Circulation <i>not</i> Issued against Gold 1844=100.	Circulation <i>not</i> Issued against Gold to that in 1844.	Per- centage of Circula- tion <i>not</i> Issued against Gold.
	£					
1844 ..	6,250,000	100	17	31,130,000	100	83
'45 ..	7,336,000	117	19	31,312,000	100	81
1846 ..	7,482,000	121	19	31,169,000	100	81
'47 ..	5,767,000	96	16	30,161,000	97	84
'48 ..	4,228,000	68	13	28,128,000	90	87
'49 ..	4,512,000	73	14	27,537,000	88	86
'50 ..	5,584,000	90	17	27,873,000	89	83
1851 ..	5,612,000	90	17	27,731,000	88	83
'52 ..	8,140,000	131	22	28,283,000	91	78
'53 ..	9,304,000	149	24	29,548,000	95	76
'54 ..	7,848,000	126	21	30,087,000	97	79
'55 ..	7,100,000	113	19	30,154,000	97	81
1856 ..	6,590,000	105	18	30,663,000	98	82
'57 ..	6,306,000	100	17	30,749,000	99	83
'58 ..	7,057,000	112	19	29,327,000	94	81
'59 ..	8,772,000	140	22	30,003,000	96	78
'60 ..	8,774,000	140	22	29,992,000	96	78
1861 ..	7,114,000	113	19	29,543,000	95	81
'62 ..	7,578,000	121	21	29,162,000	93	79
'63 ..	7,468,000	119	20	28,848,000	92	80
'64 ..	7,492,000	119	20	28,973,000	93	80
'65 ..	8,222,000	132	22	29,033,000	93	78
1866 ..	9,959,000	159	26	28,682,000	92	74
'67 ..	10,299,000	164	26	28,593,000	92	74
'68 ..	10,936,000	175	27	28,857,000	93	73
'69 ..	10,781,000	172	27	29,073,000	93	73
'70 ..	10,959,000	175	27	29,022,000	93	73
1871 ..	12,953,000	207	31	29,160,000	94	69
'72 ..	14,307,000	230	33	29,209,000	94	67
'73 ..	14,169,000	227	33	29,177,000	93	67
'74 ..	14,848,000	237	34	29,031,000	93	66

TABLE XX. *continued.*—BANK NOTE CIRCULATION OF THE UNITED KINGDOM, 1844-1874.

The Bank Average Rate of Discount, and the Number of Changes in Rate, in Cols. 17 and 18. Average Banking Reserve of the Bank of England, in Col. 19 :—Proportion of the Average Reserve to that in 1844, Col. 20.

Year.	17 Bank Average Rate of Discount.	18 Number of Changes in Bank Rate.	19 Average Banking Reserve of the Bank of England.	20 Average Banking Reserve. 1844 = 100.
			£	
1844	2½	1	8,500,000	100
'45	3	2	8,516,000	100
1846	3¼	1	8,539,000	101
'47	5	9	5,291,000	62
'48	3¾	3	9,785,000	115
'49	3	1	10,694,000	126
'50	2½	1	11,220,000	132
1851	3	—	9,104,000	107
'52	2	2	12,765,000	150
'53	3½	6	8,908,000	105
'54	5	2	7,290,000	86
'55	4¾	8	8,366,000	98
1856	5¾	8	5,772,000	68
'57	6¾	9	5,348,000	63
'58	3¼	6	12,037,000	142
'59	2¾	5	11,076,000	130
'60	4½	11	8,451,000	99
1861	5½	11	7,611,000	89
'62	2½	5	10,194,000	120
'63	4½	12	8,536,000	101
'64	7½	15	7,479,000	88
'65	4¾	16	8,090,000	95
1866	7	14	6,745,000	79
'67	2½	3	12,906,000	152
'68	2	2	11,903,000	140
'69	3½	7	10,320,000	121
'70	3	10	12,435,000	146
1871	3	10	14,163,000	166
'72	4½	14	12,122,000	142
'73	4¾	24	12,051,000	141
'74	3½	13	11,036,000	129

TABLE XXI.—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the proportion of Reserve to the Liabilities.

1845.					
	Liabilities. Average of Year £16,367,500.	Average Liabilities of Year =100.	Reserve. Average of Year £8,516,583.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 52 per cent.
	£		£		
January	13,989,000	85	8,400,000	99	60
February	14,734,000	90	8,991,000	106	61
March	17,769,000	109	10,219,000	120	57
April	16,526,000	101	8,958,000	105	54
May	15,574,000	95	9,294,000	109	60
June	17,890,000	109	10,352,000	122	58
July	15,984,000	98	8,814,000	103	55
August	15,297,000	93	8,323,000	98	54
September	16,957,000	103	8,795,000	103	52
October	16,523,000	101	6,767,000	79	41
November	16,397,000	100	6,182,000	73	38
December	18,770,000	115	7,104,000	83	38
1846.					
	Liabilities. Average of Year £20,262,416.	Average Liabilities of Year =100.	Reserve. Average of Year £8,539,416.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 42 per cent.
	£		£		
January	18,927,000	93	6,243,000	73	33
February	25,184,000	124	7,390,000	87	29
March	25,274,000	125	8,462,000	99	34
April	22,644,000	112	7,371,000	86	33
May	21,201,000	104	7,986,000	94	38
June	23,146,000	114	9,906,000	117	43
July	20,229,000	100	9,229,000	108	46
August	17,894,000	88	9,619,000	113	54
September	17,721,000	87	10,201,000	119	58
October	16,480,000	81	8,186,000	96	50
November	16,168,000	80	8,491,000	100	53
December	18,281,000	90	9,389,000	110	51

TABLE XXI. *continued.*—MONTHLY AVERAGE of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the proportion of the Reserve to the Liabilities.

1847.						1848.					
Liabilities. Average of Year £15,973,250.	Average Liabilities of Year =100.	Reserve. Average of Year £5,291,583.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 33 per cent.		Liabilities. Average of Year £15,983,333.	Average Liabilities of Year =100.	Reserve. Average of Year £9,784,583.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 61 per cent.	
£		£				£		£			
January ..	103	7,387,000	140	45	January ..	16,593,000	104	8,107,000	83	49	
February ..	97	6,673,000	126	43	February ..	16,378,000	103	9,859,000	101	60	
March ..	106	6,067,000	114	36	March ..	17,303,000	108	11,286,000	115	65	
April ..	94	3,581,000	68	24	April ..	16,098,000	101	9,563,000	98	59	
May ..	88	4,587,000	87	32	May ..	14,433,000	90	8,988,000	92	62	
June ..	111	6,263,000	118	35	June ..	15,914,000	100	10,400,000	106	65	
July ..	94	5,033,000	95	33	July ..	15,628,000	98	9,557,000	98	61	
August ..	91	4,803,000	91	33	August ..	14,297,000	89	9,086,000	93	63	
September ..	103	4,869,000	92	30	September ..	15,731,000	99	10,010,000	102	63	
October ..	100	2,780,000	53	17	October ..	15,393,000	96	9,038,000	92	59	
November ..	98	3,956,000	75	25	November ..	15,842,000	99	9,820,000	100	62	
December ..	111	7,500,000	142	42	December ..	17,950,000	112	11,701,000	120	65	
1849.						1850.					
Liabilities. Average of Year £17,211,583.	Average Liabilities of Year =100.	Reserve. Average of Year £10,494,250.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 62 per cent.		Liabilities. Average of Year £18,822, 83.	Average Liabilities of Year =100.	Reserve. Average of Year. £11,243,750.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 60 per cent.	
£		£				£ ^s		£			
January ..	99	10,807,000	101	63	January ..	18,710,000	99	11,763,000	105	63	
February ..	97	10,885,000	102	65	February ..	17,920,000	95	11,688,000	104	65	
March ..	103	11,316,000	106	64	March ..	19,698,000	104	12,195,000	109	62	
April ..	96	9,749,000	91	59	April ..	17,733,000	94	10,729,000	95	60	
May ..	92	9,495,000	89	60	May ..	17,367,000	92	10,988,000	98	63	
June ..	100	10,818,000	101	63	June ..	19,185,000	102	11,695,000	104	61	
July ..	92	9,546,000	89	60	July ..	17,911,000	95	10,601,000	94	59	
August ..	93	9,753,000	91	61	August ..	17,948,000	96	10,822,000	96	60	
September ..	103	11,013,000	103	62	September ..	20,112,000	107	11,600,000	103	58	
October ..	102	10,472,000	98	60	October ..	18,888,000	100	10,504,000	93	56	
November ..	104	11,550,000	108	65	November ..	19,402,000	103	11,015,000	98	57	
December ..	117	12,888,000	120	64	December ..	20,991,000	111	11,007,000	98	52	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the proportion of Reserve to the Liabilities.

1851.						1852.					
Liabilities. Average of Year £17,638,583.	Average Liabilities of Year = 100.	Reserve. Average of Year £9,103,833.	Average Reserve of Year = 100.	Proportion of Reserve to Liabilities 51 per cent.		Liabilities. Average of Year £20,149,000.	Average Liabilities of Year = 100.	Reserve. Average of Year £12,764,500.	Average Reserve of Year = 100.	Proportion of Reserve to Liabilities 63 per cent.	
January	107	9,017,000	99	48	January ..	£18,497,000	92	£11,401,000	89	61	
February ..	99	9,276,000	102	53	February ..	19,112,000	95	12,324,000	97	65	
March	106	9,498,000	104	51	March	20,598,000	102	13,510,000	106	66	
April	94	7,850,000	86	47	April	19,238,000	95	12,135,000	95	63	
May	92	8,093,000	89	50	May	19,103,000	96	12,691,000	99	65	
June	103	9,029,000	99	50	June	21,060,000	104	13,938,000	109	66	
July	91	7,755,000	85	48	July	20,118,000	100	12,823,000	100	64	
August	92	8,103,000	89	50	August	19,716,000	98	12,953,000	101	66	
September ..	104	9,456,000	104	51	September ..	21,151,000	105	13,765,000	108	65	
October	103	8,981,000	99	49	October	20,357,000	101	12,443,000	97	61	
November	99	9,929,000	109	57	November ..	20,204,000	100	12,318,000	96	61	
December ...	110	12,257,000	135	63	December ..	22,334,000	111	12,873,000	101	58	
1853.						1854.					
Liabilities. Average of Year £19,543,166.	Average Liabilities of Year = 100.	Reserve. Average of Year £8,907,730.	Average Reserve of Year = 100.	Proportion of Reserve to Liabilities 46 per cent.		Liabilities. Average of Year £15,740,833.	Average Liabilities of Year = 100.	Reserve. Average of Year £7,290,333.	Average Reserve of Year = 100.	Proportion of Reserve to Liabilities 46 per cent.	
January	108	10,271,000	115	49	January ..	£18,954,000	120	£8,077,000	111	43	
February ..	103	10,135,000	113	50	February ..	15,673,000	99	8,237,000	113	53	
March	123	11,238,000	126	47	March	15,686,000	99	8,040,000	110	51	
April	101	9,725,000	109	49	April	15,903,000	101	5,445,000	75	34	
May	95	9,146,000	102	49	May	14,082,000	89	5,548,000	76	39	
June	97	10,079,000	107	50	June	14,729,000	93	7,072,000	97	48	
July	90	8,577,000	96	49	July	16,265,000	103	7,341,000	101	45	
August	87	8,119,000	91	48	August	14,639,000	93	7,390,000	101	51	
September ..	92	7,806,000	88	43	September ..	15,857,000	100	7,588,000	104	48	
October	94	6,090,000	68	33	October ..	15,066,000	95	6,629,000	91	44	
November	95	7,675,000	86	41	November ..	15,144,000	96	7,459,000	102	49	
December ...	114	8,561,000	96	38	December ..	16,892,000	107	8,658,000	119	51	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the proportion of Reserve to the Liabilities.

1855.						1856.					
Liabilities. Average of Year £17,098,583.	Average Liabilities of Year =100.	Reserve. Average of Year £8,366,583.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities. 47 per cent.		Liabilities. Average of Year £16,564,500.	Average Liabilities of Year =100.	Reserve. Average of Year £5,772,083.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 34 per cent.	
January ..	85	£ 6,774,000	81	45	January ..	£ 18,149,000	108	£ 5,667,000	98	31	
February ..	89	7,480,000	89	48	February ..	18,613,000	110	6,284,000	109	34	
March ..	96	9,109,000	109	53	March ..	18,807,000	111	6,290,000	109	33	
April ..	103	8,954,000	107	49	April ..	16,624,000	99	4,565,000	79	27	
May ..	97	10,512,000	125	61	May ..	15,415,000	91	5,023,000	87	33	
June ..	113	12,273,000	147	61	June ..	15,432,000	92	7,372,000	127	48	
July ..	105	10,193,000	122	54	July ..	15,893,000	94	6,378,000	110	40	
August ..	106	9,662,000	115	51	August ..	15,704,000	93	6,770,000	117	43	
September ..	113	7,904,000	95	39	September ..	18,046,000	107	6,504,000	114	36	
October ..	97	5,204,000	62	30	October ..	17,135,000	102	3,781,000	65	22	
November ..	92	5,650,000	67	35	November ..	15,697,000	92	4,352,000	75	28	
December ..	101	6,684,000	80	37	December ..	16,949,000	100	6,189,000	107	36	
1857.						1858.					
Liabilities. Average of Year £17,825,833.	Average Liabilities of Year =100.	Reserve. Average of Year £5,347,750.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 30 per cent.		Liabilities. Average of Year £20,847,833.	Average Liabilities of Year =100.	Reserve. Average of Year £12,137,416.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 58 per cent.	
January ..	90	£ 5,327,000	100	33	January ..	£ 22,615,000	108	£ 8,719,000	72	38	
February ..	100	6,001,000	112	34	February ..	21,390,000	102	11,596,000	96	54	
March ..	103	5,958,000	111	31	March ..	21,308,000	102	13,004,000	108	61	
April ..	94	4,164,000	78	25	April ..	20,714,000	99	12,555,000	104	60	
May ..	89	4,992,000	93	31	May ..	19,536,000	94	12,147,000	101	62	
June ..	100	6,537,000	122	37	June ..	20,765,000	100	12,648,000	105	61	
July ..	88	6,384,000	120	40	July ..	19,940,000	96	11,086,000	92	55	
August ..	94	6,314,000	118	37	August ..	19,482,000	93	11,345,000	94	53	
September ..	100	6,728,000	126	38	September ..	20,892,000	100	12,920,000	107	62	
October ..	98	4,118,000	77	23	October ..	20,618,000	99	12,722,000	106	62	
November ..	110	2,030,000	38	10	November ..	20,255,000	97	12,247,000	102	61	
December ..	127	5,619,000	105	25	December ..	22,659,000	108	13,460,000	112	60	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the proportion of Reserve to the Liabilities.

1859.						1860.					
Liabilities. Average of Year £22,530,333.	Average Liabilities of Year =100.	Reserve. Average of Year £11,076,175.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 40 per cent.		Liabilities. Average of Year £20,893,533.	Average Liabilities of Year =100.	Reserve. Average of Year £3,451,083.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 40 per cent.	
January ..	100	12,737,000	115	56	January ..	21,658,000	104	8,673,000	103	40	
February ..	101	13,477,000	122	59	February ..	21,601,000	103	8,452,000	100	39	
March ..	103	13,786,000	125	59	March ..	23,385,000	112	9,142,000	108	39	
April ..	98	10,959,000	99	50	April ..	22,278,000	107	6,991,000	83	32	
May ..	102	10,015,000	91	44	May ..	20,762,000	99	8,304,000	98	40	
June ..	106	11,602,000	105	48	June ..	21,471,000	103	9,771,000	116	45	
July ..	97	10,300,000	95	48	July ..	20,477,000	98	8,597,000	102	42	
August ..	94	9,641,000	87	46	August ..	19,948,000	96	8,514,000	101	43	
September ..	100	10,431,000	94	46	September ..	20,845,000	100	9,756,000	115	47	
October ..	97	9,416,000	85	43	October ..	19,167,000	92	7,753,000	92	41	
November ..	97	9,781,000	89	45	November ..	19,536,000	93	7,541,000	89	38	
December ..	104	10,369,000	96	45	December ..	19,586,000	94	7,917,000	94	40	
1861.						1862.					
Liabilities. Average of Year £18,481,333.	Average Liabilities of Year =100.	Reserve. Average of Year £7,611,383.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 41 per cent.		Liabilities. Average of Year £22,414,175.	Average Liabilities of Year =100.	Reserve. Average of Year £10,194,416.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 45 per cent.	
January ..	100	6,146,000	81	33	January ..	21,271,000	95	10,308,000	101	48	
February ..	95	6,700,000	88	38	February ..	21,075,000	94	10,201,000	100	48	
March ..	105	7,814,000	103	40	March ..	21,817,000	97	10,762,000	105	49	
April ..	102	7,488,000	98	40	April ..	22,329,000	99	10,461,000	103	47	
May ..	101	6,982,000	92	38	May ..	22,034,000	98	10,472,000	103	47	
June ..	105	7,823,000	96	38	June ..	22,653,000	101	9,423,000	92	42	
July ..	95	6,241,000	82	35	July ..	23,453,000	105	10,106,000	99	43	
August ..	92	7,332,000	96	43	August ..	22,554,000	101	10,428,000	102	46	
September ..	97	8,412,000	111	47	September ..	23,610,000	105	11,179,000	109	47	
October ..	101	7,775,000	102	42	October ..	23,692,000	101	9,473,000	93	42	
November ..	99	8,710,000	114	47	November ..	22,216,000	99	9,463,000	93	43	
December ..	108	10,413,000	137	52	December ..	23,366,000	104	10,057,000	98	43	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of England from 1845 to 1874, showing the Proportion of Reserve to the Liabilities.

1863.						1864.					
Liabilities. Average of Year £21,946,666.	Average Liabilities of Year =100.	Reserve. Average of Year £8,536,333.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 39 per cent.		Liabilities. Average of Year £20,600,750.	Average Liabilities of Year =100.	Reserve. Average of Year £7,478,583.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 37 per cent.	
January ..	103	£ 8,483,000	99	37	January ..	£ 21,366,000	104	£ 7,476,000	100	35	
February ..	96	9,311,000	109	44	February ..	20,869,000	101	8,059,000	108	39	
March ..	104	9,758,000	114	43	March ..	22,453,000	109	8,668,000	116	39	
April ..	101	9,175,000	108	41	April ..	20,776,000	101	6,562,000	88	31	
May ..	99	8,738,000	102	40	May ..	20,717,000	100	6,765,000	91	33	
June ..	109	9,088,000	106	38	June ..	22,113,000	107	8,403,000	113	38	
July ..	105	8,095,000	95	35	July ..	20,377,000	99	6,528,000	87	32	
August ..	91	8,406,000	98	42	August ..	19,550,000	95	5,944,000	79	30	
September ..	98	9,019,000	106	42	September ..	19,872,000	96	7,241,000	97	36	
October ..	97	7,316,000	86	34	October ..	19,028,000	92	6,497,000	87	34	
November ..	92	6,895,000	81	34	November ..	19,669,000	95	8,233,000	110	42	
December ..	104	8,152,000	96	36	December ..	20,419,000	99	9,367,000	126	46	

1865.						1866.					
Liabilities. Average of Year £21,200,250.	Average Liabilities of Year =100.	Reserve. Average of Year £8,089,750.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 38 per cent.		Liabilities. Average of Year £22,603,250.	Average Liabilities of Year =100.	Reserve. Average of Year £6,745,000.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 30 per cent.	
January ..	98	£ 8,315,000	103	40	January ..	£ 19,420,000	86	£ 6,381,000	95	33	
February ..	98	9,080,000	112	44	February ..	17,865,000	79	7,583,000	113	43	
March ..	108	9,885,000	122	43	March ..	20,098,000	89	8,420,000	125	42	
April ..	103	8,578,000	106	39	April ..	19,392,000	86	6,847,000	102	35	
May ..	103	8,607,000	107	39	May ..	23,266,000	103	2,979,000	44	13	
June ..	109	9,871,000	122	43	June ..	24,455,000	126	4,076,000	60	14	
July ..	102	7,693,000	95	36	July ..	28,199,000	107	3,636,000	54	15	
August ..	98	6,961,000	86	33	August ..	22,257,000	98	4,798,000	71	21	
September ..	99	7,335,000	91	35	September ..	23,277,000	103	7,765,000	115	33	
October ..	92	5,338,000	66	27	October ..	23,240,000	103	7,531,000	112	32	
November ..	88	7,355,000	91	39	November ..	23,343,000	103	9,421,000	140	40	
December ..	101	8,058,000	100	38	December ..	26,457,000	117	11,503,000	171	43	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1845 to 1874, showing the Proportion of Reserve to the Liabilities.

1867.						1868.					
Liabilities. Average of Year.	Average Liabilities of Year =100.	Reserve. Average of Year.	Average Re-serve of Year =100.	Proportion of Reserve to Liabilities 49 per cent.		Liabilities. Average of Year.	Average Liabilities of Year =100.	Reserve. Average of Year.	Average Re-serve of Year =100.	Proportion of Reserve to Liabilities 46 per cent.	
£28,106,750.		£				£25,619,450.		£			
January ..	102	26,791,000	86	41	January ..	27,283,000	106	13,116,000	110	48	
February ..	96	11,037,000	88	46	February ..	25,217,000	98	13,057,000	110	52	
March ..	99	11,394,000	95	47	March ..	26,049,000	102	12,976,000	109	50	
April ..	97	12,246,000	86	44	April ..	25,635,000	100	11,493,000	96	45	
May ..	99	11,128,000	89	44	May ..	26,620,000	104	11,684,000	98	44	
June ..	107	13,675,000	106	49	June ..	28,026,000	109	13,683,000	115	49	
July ..	102	13,526,000	105	51	July ..	26,843,000	105	12,669,000	106	47	
August ..	100	14,443,000	112	55	August ..	23,844,000	93	11,495,000	96	48	
September ..	106	15,617,000	121	57	September ..	24,140,000	94	11,906,000	100	49	
October ..	99	13,708,000	106	53	October ..	24,523,000	96	10,707,000	90	44	
November ..	95	13,105,000	102	53	November ..	24,158,000	94	10,067,000	85	42	
December ..	98	13,444,000	104	52	December ..	25,091,000	98	9,985,000	84	40	
1869.						1870.					
Liabilities. Average of Year.	Average Liabilities of Year =100.	Reserve. Average of Year.	Average Re-serve of Year =100.	Proportion of Reserve to Liabilities 43 per cent.		Liabilities. Average of Year.	Average Liabilities of Year =100.	Reserve. Average of Year.	Average Re-serve of Year =100.	Proportion of Reserve to Liabilities 47 per cent.	
£23,713,500.		£				£26,358,416.		£			
January ..	106	25,247,000	94	39	January ..	26,565,000	101	10,772,000	86	40	
February ..	96	22,883,000	98	44	February ..	26,955,000	102	11,971,000	96	44	
March ..	105	24,981,000	94	39	March ..	28,282,000	107	12,942,000	104	46	
April ..	97	23,112,000	81	36	April ..	25,415,000	96	11,666,000	94	46	
May ..	97	23,038,000	81	36	May ..	25,528,000	97	11,672,000	94	46	
June ..	106	25,277,000	107	43	June ..	28,664,000	109	13,258,000	107	46	
July ..	105	24,832,000	109	45	July ..	26,741,000	102	11,473,000	92	43	
August ..	95	12,043,000	117	53	August ..	26,693,000	101	10,981,000	88	41	
September ..	97	22,989,000	116	52	September ..	25,956,000	98	13,449,000	108	52	
October ..	96	10,061,000	98	44	October ..	24,444,000	93	13,019,000	105	53	
November ..	94	10,059,000	98	45	November ..	24,775,000	94	13,286,000	107	54	
December ..	104	11,175,000	108	45	December ..	26,283,000	100	14,732,000	118	56	

TABLE XXI. *continued.*—MONTHLY AVERAGES of Liabilities and Reserve of Bank of England from 1815 to 1874, showing the Proportion of Reserve to the Liabilities.

1871.						1872.					
Liabilities. Average of Year £29,022,583.	Average Liabilities of Year =100.	Reserve. Average of Year £14,162,916.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 49 per cent.		Liabilities. Average of Year £29,284,750.	Average Liabilities of Year =100.	Reserve. Average of Year £12,122,416.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 41 per cent.	
January .. 26,468,000	91	13,242,000	94	50	January .. 30,031,000	103	£	14,482,000	119	48	
February .. 26,725,000	92	13,464,000	95	50	February .. 30,014,000	103		14,237,000	117	47	
March .. 31,872,000	110	13,764,000	97	43	March .. 32,688,000	111		13,636,000	113	42	
April .. 29,807,000	103	13,291,000	94	45	April .. 31,042,000	106		10,977,000	90	35	
May .. 28,199,000	97	14,691,000	104	52	May .. 29,956,000	99		10,302,000	85	36	
June .. 30,167,000	104	17,175,000	121	57	June .. 29,655,000	101		13,405,000	111	45	
July .. 33,138,000	114	16,876,000	119	51	July .. 29,465,000	101		11,815,000	98	40	
August .. 28,404,000	98	15,186,000	107	53	August .. 28,911,000	99		12,139,000	100	42	
September .. 27,714,000	95	13,485,000	95	44	September .. 29,084,000	99		11,411,000	94	39	
October .. 27,859,000	96	9,529,000	67	34	October .. 26,428,000	90		8,618,000	71	33	
November .. 28,789,000	99	13,802,000	97	48	November .. 27,243,000	93		10,751,000	88	39	
December .. 29,129,000	100	15,450,000	109	53	December .. 27,708,000	95		13,613,000	112	49	
1873.						1874.					
Liabilities. Average of Year £28,966,583.	Average Liabilities of Year =100.	Reserve. Average of Year £12,051,000.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 42 per cent.		Liabilities. Average of Year £25,493,500.	Average Liabilities of Year =100.	Reserve. Average of Year £11,053,500.	Average Reserve of Year =100.	Proportion of Reserve to Liabilities 43 per cent.	
January .. 28,527,000	98	13,792,000	115	48	January .. 26,352,000	103	£	12,329,000	112	47	
February .. 32,158,000	111	15,340,000	129	48	February .. 27,876,000	101		12,355,000	112	48	
March .. 34,985,000	121	14,913,000	124	43	March .. 27,417,000	108		12,826,000	116	47	
April .. 33,900,000	117	11,141,000	93	33	April .. 28,167,000	110		10,627,000	96	38	
May .. 30,951,000	107	10,497,000	87	34	May .. 26,189,000	103		10,391,000	94	40	
June .. 30,314,000	105	11,200,000	93	37	June .. 26,423,000	104		12,276,000	111	46	
July .. 26,275,000	91	11,566,000	96	44	July .. 25,295,000	99		10,978,000	99	43	
August .. 25,010,000	86	13,005,000	108	52	August .. 23,355,000	92		10,672,000	97	46	
September .. 29,345,000	101	13,131,000	109	45	September .. 24,352,000	95		11,488,000	104	47	
October .. 25,746,000	89	8,560,000	71	33	October .. 26,176,000	103		9,790,000	89	37	
November .. 23,914,000	83	9,534,000	79	40	November .. 22,928,000	90		8,994,000	82	39	
December .. 26,474,000	91	11,933,000	99	45	December .. 23,398,000	92		9,700,000	88	41	

TABLE XXII.—MONTHLY AVERAGES OF Liabilities and Reserve of Bank of England from 1845 to 1874, showing the Proportion of Reserve to the Liabilities.

1845—1864.					
Liabilities. Average for the 10 Years £17,766,341.	Average Liabilities for the 10 Yrs. = 100.	Reserve. Average for the 10 Years £9,211,255.	Average Reserve for the 10 Yrs. = 100.	Proportion of Reserve to Liabilities 52 per cent.	
January ..	101	£ 9,147,300	99	51	
February ..	101	9,545,800	103	53	
March ..	109	10,183,100	111	53	
April ..	99	8,510,600	92	48	
May ..	94	8,681,000	91	52	
June ..	104	9,902,300	108	54	
July ..	96	8,927,600	97	52	
August ..	92	8,897,300	90	54	
September ..	100	9,510,300	103	53	
October ..	97	8,189,000	89	47	
November ..	97	8,843,400	96	51	
December ..	110	10,193,800	111	52	
1865—1874.					
Liabilities. Average for the 10 Years £25,835,283.	Average Liabilities for the 10 Yrs. = 100.	Reserve. Average for the 10 Years £11,177,150.	Average Reserve for the 10 Yrs. = 100.	Proportion of Reserve to Liabilities 43 per cent.	
January ..	100	£ 11,323,900	101	44	
February ..	98	11,862,300	106	47	
March ..	106	12,138,200	108	44	
April ..	102	10,407,600	93	39	
May ..	101	10,062,900	90	38	
June ..	107	11,961,200	107	43	
July ..	102	11,146,700	100	42	
August ..	96	11,172,300	100	45	
September ..	99	11,758,800	105	46	
October ..	95	9,688,900	87	39	
November ..	93	10,643,700	95	44	
December ..	99	11,959,300	107	47	

1865—1874.					
Liabilities. Average for the 10 Years £20,010,053.	Average Liabilities for the 10 Yrs. = 100.	Reserve. Average for the 10 Years £8,487,116.	Average Reserve for the 10 Yrs. = 100.	Proportion of Reserve to Liabilities 42 per cent.	
January ..	100	£ 8,031,000	95	40	
February ..	99	8,756,100	103	44	
March ..	105	9,420,100	111	45	
April ..	100	8,187,400	96	41	
May ..	97	8,395,000	99	43	
June ..	104	9,444,000	111	45	
July ..	98	8,410,800	99	43	
August ..	95	8,435,600	99	44	
September ..	101	9,018,400	106	44	
October ..	97	7,405,700	87	38	
November ..	97	7,490,200	88	39	
December ..	105	8,842,700	104	42	
1845—1874.					
Liabilities. Average for the 30 Years £21,201,102.	Average Liabilities for the 30 Yrs. = 100.	Reserve. Average for the 30 Years £9,425,183.	Average Reserve for the 30 Yrs. = 100.	Proportion of Reserve to Liabilities 45 per cent.	
January ..	100	£ 9,500,733	99	45	
February ..	99	10,054,733	104	48	
March ..	107	10,584,466	110	47	
April ..	101	9,035,200	94	42	
May ..	98	9,046,500	99	44	
June ..	105	10,435,833	108	47	
July ..	99	9,195,033	98	45	
August ..	95	9,501,733	99	48	
September ..	100	10,095,833	105	47	
October ..	96	8,427,533	88	41	
November ..	95	8,992,433	93	44	
December ..	104	10,331,933	107	47	

TABLE XXIII.—AVERAGE RATE OF DISCOUNT FOR "First Class Bills" for the Twenty Years, 1825—44.

Average Rate of Year.		Average Rate of Months.						Year.	Average Rate of Months.					
		Jan.	Feb.	March.	April.	May.	June.		July.	August.	Sept.	Oct.	Nov.	Dec.
1825.....	£ s. d. 3 17 6	£ s. d. 3 10 0	£ s. d. 3 10 0	£ s. d. 3 10 0	£ s. d. 3 10 0	£ s. d. 4 0 0	1825.....	£ s. d. 4 0 0	£ s. d. 4 0 0	£ s. d. 4 0 0	£ s. d. 4 0 0	£ s. d. 4 10 0	£ s. d. 4 10 0	
'26.....	4 10 0	5 0 0	5 0 0	5 0 0	5 0 0	4 10 0	'26.....	4 10 0	4 0 0	4 0 0	4 0 0	4 0 0	4 0 0	
'27.....	3 5 0	4 0 0	3 10 0	3 10 0	3 10 0	3 0 0	'27.....	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	
'28.....	3 0 10	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	'28.....	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 10 0	
'29.....	3 7 6	4 0 0	3 10 0	3 10 0	4 0 0	3 10 0	'29.....	3 10 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	
1830.....	2 15 3	3 0 0	3 0 0	2 15 0	2 15 0	2 10 0	1830.....	2 10 0	2 10 0	2 10 0	2 15 0	3 0 0	4 0 0	
'31.....	3 13 9	3 5 0	3 0 0	3 10 0	3 10 0	4 0 0	'31.....	4 0 0	3 10 0	3 10 0	4 0 0	4 0 0	4 0 0	
'32.....	3 2 11	4 0 0	3 10 0	3 5 0	3 5 0	3 5 0	'32.....	3 0 0	3 0 0	3 0 0	2 15 0	2 15 0	2 15 0	
'33.....	2 14 7	2 15 0	2 10 0	2 5 0	2 10 0	2 10 0	'33.....	2 10 0	2 10 0	3 0 0	3 0 0	3 10 0	3 10 0	
'34.....	3 7 6	3 10 0	3 0 0	2 15 0	3 0 0	3 5 0	'34.....	3 5 0	3 5 0	4 0 0	3 15 0	3 15 0	3 15 0	
1835.....	3 14 2	3 15 0	3 5 0	3 10 0	3 15 0	4 0 0	1835.....	4 0 0	3 10 0	3 15 0	3 15 0	3 15 0	3 15 0	
'36.....	4 5 0	3 15 0	3 15 0	3 10 0	3 5 0	4 0 0	'36.....	4 0 0	4 10 0	5 0 0	5 0 0	5 10 0	5 10 0	
'37.....	4 8 9	5 10 0	5 10 0	5 10 0	5 10 0	4 10 0	'37.....	4 10 0	4 0 0	3 10 0	3 10 0	3 5 0	3 10 0	
'38.....	3 0 0	3 10 0	3 0 0	3 0 0	2 15 0	2 10 0	'38.....	3 0 0	2 15 0	3 0 0	3 0 0	3 5 0	3 10 0	
'39.....	5 2 6	3 15 0	3 15 0	3 15 0	3 15 0	4 0 0	'39.....	5 10 0	6 0 0	6 10 0	6 10 0	6 10 0	6 10 0	
1840.....	4 19 7	6 0 0	4 15 0	4 15 0	4 15 0	4 5 0	1840.....	4 10 0	4 10 0	4 15 0	5 0 0	6 0 0	5 15 0	
'41.....	4 17 11	5 10 0	5 0 0	5 0 0	4 10 0	4 10 0	'41.....	4 10 0	4 10 0	4 15 0	5 0 0	5 10 0	5 0 0	
'42.....	3 6 8	4 15 0	4 10 0	3 15 0	3 15 0	3 5 0	'42.....	3 5 0	3 0 0	2 10 0	2 15 0	2 10 0	2 10 0	
'43.....	2 3 4	2 10 0	2 5 0	2 0 0	2 0 0	2 5 0	'43.....	2 5 0	2 0 0	2 0 0	2 5 0	2 0 0	2 10 0	
'44.....	2 2 6	2 5 0	2 0 0	2 0 0	2 0 0	1 15 0	'44.....	2 0 0	1 15 0	2 0 0	2 5 0	2 15 0	2 15 0	

NOTE.—This Table is taken from Mr. D. B. Chapman's Evidence, before the Select Committee of the House of Commons, on the Bank Acts, 1857.—Page 403.

TABLE XXIV.—MONTHLY AVERAGES of Rates of Discount for First Class Bills from 1825 to 1844.

1825.				1826.				1827.				1828.				1829.				
Average Rate of Year £3. 17s. 6d.		Rate of Year = 100.		Average Rate of Year £4. 10s. 0d.		Rate of Year = 100.		Average Rate of Year £3. 5s. 0d.		Rate of Year = 100.		Average Rate of Year £3. 0s. 10d.		Rate of Year = 100.		Average Rate of Year £3. 7s. 6d.		Rate of Year = 100.		
£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		
January	3	10	0	Jan.	5	0	0	Jan.	4	0	0	Jan.	3	0	0	Jan.	4	0	0	118
February	3	10	0	Feb.	5	0	0	Feb.	3	10	0	Feb.	3	0	0	Feb.	3	10	0	104
March ..	3	10	0	March ..	5	0	0	March ..	3	10	0	March ..	3	0	0	March ..	3	10	0	104
April	3	10	0	April ..	5	0	0	April ..	3	10	0	April ..	3	0	0	April ..	4	0	0	118
May	3	10	0	May	5	0	0	May	3	10	0	May	3	0	0	May	3	10	0	104
June	4	0	0	June	4	10	0	June	3	0	0	June	3	0	0	June	3	10	0	104
July	4	0	0	July	4	10	0	July	3	0	0	July	3	0	0	July	3	10	0	104
August	4	0	0	August ..	4	0	0	August ..	3	0	0	August ..	3	0	0	August ..	3	0	0	89
Sept.	4	0	0	Sept.	4	0	0	Sept.	3	0	0	Sept.	3	0	0	Sept.	3	0	0	89
October...	4	0	0	October ..	4	0	0	October ..	3	0	0	October ..	3	0	0	October ..	3	0	0	89
November	4	10	0	Nov.	4	0	0	Nov.	3	0	0	Nov.	3	0	0	Nov.	3	0	0	89
December	4	10	0	Dec.	4	0	0	Dec.	3	0	0	Dec.	3	10	0	Dec.	3	0	0	89
1830.				1831.				1832.				1833.				1834.				
Average Rate of Year £2. 16s. 3d.		Rate of Year = 100.		Average Rate of Year £3. 13s. 9d.		Rate of Year = 100.		Average Rate of Year £3. 2s. 11d.		Rate of Year = 100.		Average Rate of Year £2. 14s. 7d.		Rate of Year = 100.		Average Rate of Year £3. 7s. 6d.		Rate of Year = 100.		
£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		
January	3	0	0	Jan.	3	5	0	Jan.	4	0	0	Jan.	2	15	0	Jan.	3	10	0	104
February	3	0	0	Feb.	3	0	0	Feb.	3	10	0	Feb.	2	10	0	Feb.	3	0	0	89
March ..	2	15	0	March ..	3	10	0	March ..	3	5	0	March ..	2	5	0	March ..	2	15	0	81
April	2	15	0	April ..	3	10	0	April ..	3	5	0	April ..	2	5	0	April ..	3	0	0	89
May	2	10	0	May	4	0	0	May	3	5	0	May	2	10	0	May	3	5	0	96
June	2	10	0	June	4	0	0	June	3	5	0	June	2	10	0	June	3	5	0	96
July	2	10	0	July	4	0	0	July	3	0	0	July	2	10	0	July	3	5	0	96
August	2	10	0	Aug.	3	10	0	August ..	3	0	0	August ..	2	10	0	August ..	3	5	0	96
Sept.	2	10	0	Sept.	3	10	0	Sept.	3	0	0	Sept.	3	0	0	Sept.	4	0	0	118
October ..	2	15	0	October ..	4	0	0	October ..	2	15	0	October ..	3	0	0	October ..	3	15	0	111
November	3	0	0	Nov.	4	0	0	Nov.	2	15	0	Nov.	3	10	0	Nov.	3	15	0	111
December	4	0	0	Dec.	4	0	0	Dec.	2	15	0	Dec.	3	10	0	Dec.	3	15	0	111

TABLE XXIV. *continued*.—MONTHLY AVERAGES OF RATES OF DISCOUNT FOR FIRST CLASS BILLS FROM 1825 TO 1844.

1835.				1836.				1837.				1838.				1839.			
Average Rate of Year £3. 14s. 2d.				Average Rate of Year £4. 5s. 6d.				Average Rate of Year £4. 8s. 9d.				Average Rate of Year £3. 0s. 6d.				Average Rate of Year £5. 2s. 6d.			
Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.			
£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.	
January	3	15	0	Jan.	3	15	0	Jan.	5	10	0	Jan.	3	10	0	Jan.	3	15	0
February	3	5	0	Feb.	3	15	0	Feb.	5	10	0	Feb.	3	10	0	Feb.	3	15	0
March	3	10	0	March	3	10	0	March	5	10	0	March	3	0	0	March	3	15	0
April	3	15	0	April	3	5	0	April	5	10	0	April	3	0	0	April	3	15	0
May	3	15	0	May	3	5	0	May	4	10	0	May	2	15	0	May	4	0	0
June	4	0	0	June	4	0	0	June	4	10	0	June	2	15	0	June	5	0	0
July	4	0	0	July	4	0	0	July	4	10	0	July	3	0	0	July	5	10	0
August	3	10	0	August	4	10	0	August	4	0	0	August	2	15	0	August	5	10	0
September	3	15	0	Sept.	5	0	0	Sept.	3	10	0	Sept.	3	0	0	Sept.	6	10	0
October	3	15	0	October	5	0	0	October	3	10	0	October	3	0	0	October	6	10	0
November	3	15	0	Nov.	5	10	0	Nov.	3	5	0	Nov.	3	5	0	Nov.	6	10	0
December	3	15	0	Dec.	5	10	0	Dec.	3	10	0	Dec.	3	10	0	Dec.	6	10	0
1840.				1841.				1842.				1843.				1844.			
Average Rate of Year £4. 19s. 7d.				Average Rate of Year £4. 17s. 11d.				Average Rate of Year £3. 6s. 3d.				Average Rate of Year £2. 3s. 4d.				Average Rate of Year £2. 2s. 6d.			
Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.				Rate of Year = 100.			
£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.	
January	6	0	0	Jan.	5	10	0	Jan.	4	15	0	Jan.	2	10	0	Jan.	2	5	0
February	4	15	0	Feb.	5	0	0	Feb.	4	10	0	Feb.	2	5	0	Feb.	2	0	0
March	4	15	0	March	5	0	0	March	3	15	0	March	2	0	0	March	2	0	0
April	4	15	0	April	4	10	0	April	3	15	0	April	2	0	0	April	2	0	0
May	4	5	0	May	4	10	0	May	3	5	0	May	2	0	0	May	1	15	0
June	4	15	0	June	5	0	0	June	3	5	0	June	2	5	0	June	2	0	0
July	4	10	0	July	4	10	0	July	3	5	0	July	2	5	0	July	2	0	0
August	4	10	0	August	4	10	0	August	3	5	0	August	2	0	0	August	1	15	0
September	4	15	0	Sept.	4	15	0	Sept.	3	10	0	Sept.	2	0	0	Sept.	2	0	0
October	5	0	0	October	4	15	0	October	2	15	0	October	2	5	0	October	2	5	0
November	6	0	0	Nov.	5	10	0	Nov.	2	10	0	Nov.	2	0	0	Nov.	2	15	0
December	5	15	0	Dec.	5	0	0	Dec.	2	10	0	Dec.	2	10	0	Dec.	2	15	0

TABLE XXV.--AVERAGE RATE OF DISCOUNT for First Class Bills for the 10 years
1825-34 ; 1835-44 ; and the 20 years, 1825-44.

	Average Rate for the 20 Years 1825-44. £3. 11s. 10d.	Average Rate of 20 Years 1825-44. =100.		Average Rate for the 10 Years 1825-34. £3. 7s. 7d.	Average Rate of 10 Years 1825-34. =100.		Average Rate for the 10 Years 1835-44. £3. 16s. 0d.	Average Rate of 10 Years 1835-44. =100.
Jan.	£ s. d. 3 17 3	107	Jan.	£ s. d. 3 12 0	107	Jan.	£ s. d. 4 2 6	108
Feb.	3 11 3	99	Feb.	3 7 0	99	Feb.	3 15 6	99
Mar.	3 9 9	97	Mar.	3 6 0	98	Mar.	3 13 6	97
April	3 9 9	97	April	3 7 6	100	April	3 12 0	95
May	3 7 9	95	May	3 8 0	100	May	3 7 6	89
June	3 11 3	99	June	3 7 0	99	June	3 15 6	99
July	3 10 9	99	July	3 6 6	98	July	3 15 0	99
Aug.	3 8 3	95	Aug.	3 3 3	93	Aug.	3 13 0	96
Sept.	3 10 9	99	Sept.	3 6 0	98	Sept.	3 15 6	99
Oct.	3 12 3	101	Oct.	3 6 6	98	Oct.	3 18 0	103
Nov.	3 15 6	105	Nov.	3 9 0	102	Nov.	4 2 0	108
Dec.	3 17 3	107	Dec.	3 12 0	107	Dec.	4 2 6	108

AVERAGE Rate of Discount for the 50 Years 1825-1874, £3. 16s. 2d.

TABLE XXVI.—AVERAGE MINIMUM RATE OF DISCOUNT CHARGED by the Bank of England for the Thirty Years 1845-74.

Year.	Annual Average of minimum Rate of Discount of Bank of England.	Average Rate of Discount for the Months					
		January.	February.	March.	April.	May.	June.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1845	2 13 5	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0
'46	3 6 7	3 10 0	3 10 0	3 10 0	3 10 0	3 10 0	3 10 0
'47	5 1 7	3 7 5	4 0 0	4 0 0	4 13 4	5 0 0	5 0 0
'48	3 14 8	4 18 8	4 0 0	4 0 0	4 0 0	4 0 0	3 15 7
'49	2 19 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0
1850	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0
'51	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0
'52	2 3 3	2 11 0	2 10 0	2 10 0	2 8 0	2 0 0	2 0 0
'53	3 13 6	2 10 3	3 0 0	3 0 0	3 0 0	3 0 0	3 8 7
'54	5 2 3	5 0 0	5 0 0	5 0 0	5 0 0	5 5 9	5 10 0
1855	4 11 8	5 0 0	5 0 0	5 0 0	4 12 3	4 1 7	3 15 3
'56	5 8 7	5 10 0	5 10 0	5 10 0	5 10 0	5 12 3	4 19 3
'57	6 13 3	6 0 0	6 0 0	6 0 0	6 9 3	6 10 0	6 6 0
'58	3 4 5	5 16 1	3 5 3	3 0 0	3 0 0	3 0 0	3 0 0
'59	2 14 9	2 10 0	2 10 0	2 10 0	2 11 3	4 6 9	3 4 3
1860	4 3 8	2 13 10	4 0 0	4 0 8	4 16 0	4 11 0	4 0 0
'61	5 5 4	6 15 5	7 10 0	7 13 7	5 10 0	5 9 7	6 0 0
'62	2 10 7	2 12 10	2 10 0	2 10 0	2 10 0	2 12 10	3 0 0
'63	4 8 10	3 12 2	4 13 7	4 0 0	4 4 3	3 9 0	4 0 0
'64	7 7 1	7 7 0	7 5 8	6 0 0	6 9 3	8 4 8	6 10 7
1865	4 15 4	5 12 2	5 0 0	4 10 7	4 0 0	4 6 9	3 5 0
'66	6 18 11	7 17 5	7 15 8	6 9 6	6 0 0	8 18 0	10 0 0
'67	2 10 11	3 10 0	3 2 6	3 0 0	3 0 0	2 19 8	2 10 0
'68	2 1 11	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
'69	3 4 2	3 0 0	3 0 0	3 0 0	4 0 0	4 8 6	4 1 3
1870	3 2 7	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0
'71	2 17 8	2 10 0	2 10 0	2 19 5	2 14 3	2 10 0	2 7 6
'72	4 0 10	3 0 0	3 0 0	3 0 0	3 15 0	4 13 7	3 11 0
'73	4 16 0	4 10 0	3 10 0	3 11 7	4 0 0	5 3 7	6 5 4
'74	3 13 9	3 17 9	3 10 0	3 10 0	3 10 0	3 19 4	2 17 3

TABLE XXVI. *continued*.—AVERAGE MINIMUM RATE OF DISCOUNT Charged by the Bank of England for the Thirty Years 1845-74.

Year.	Average Rate of Discount for the Months					
	July.	August.	September.	October.	November.	December.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1845	2 10 0	2 10 0	2 10 0	2 14 2	3 7 3	3 10 0
'46	3 10 0	3 9 5	3 0 0	3 0 0	3 0 0	3 0 0
'47	5 0 0	5 7 8	5 3 7	5 14 6	7 14 7	5 18 0
'48	3 10 0	3 10 0	3 10 0	3 10 0	3 1 3	3 0 0
'49	3 0 0	3 0 0	3 0 0	3 0 0	2 18 0	2 10 0
1850	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0	2 11 0
'51	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0
'52	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
'53	3 10 0	3 10 0	4 3 3	5 0 0	5 0 0	5 0 0
'54	5 10 0	5 1 7	5 0 0	5 0 0	5 0 0	5 0 0
1855	3 10 0	3 10 0	4 2 7	5 8 0	5 10 0	5 10 0
'56	4 10 0	4 10 0	4 10 0	5 18 1	6 15 0	6 8 5
'57	5 15 2	5 10 0	5 10 0	6 17 5	9 10 7	9 11 0
'58	3 0 0	3 0 0	3 0 0	3 0 0	3 0 0	2 11 11
'59	2 14 5	2 10 0	2 10 0	2 10 0	2 10 0	2 10 0
1860	4 0 0	4 0 0	4 0 0	4 0 0	5 2 2	5 0 0
'61	6 0 0	4 14 2	3 18 7	3 10 0	3 2 3	3 0 0
'62	2 11 0	2 0 0	2 0 0	2 0 7	3 0 0	3 0 0
'63	4 0 0	4 0 0	4 0 0	4 0 0	5 15 5	7 12 1
'64	6 3 9	7 17 5	8 14 7	9 0 0	8 2 7	6 9 7
1865	3 1 3	3 19 0	4 0 7	6 11 7	6 15 3	6 2 0
'66	10 0 0	8 14 9	5 3 0	4 10 0	4 2 7	3 16 5
'67	2 8 5	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
'68	2 0 0	2 0 0	2 0 0	2 0 0	2 3 8	2 19 1
'69	3 4 9	2 17 0	2 10 0	2 10 0	2 18 8	3 0 0
1870	3 7 9	5 0 7	3 12 7	2 10 0	2 10 0	2 10 0
'71	2 2 1	2 0 0	2 8 0	4 15 6	4 10 7	3 4 6
'72	3 4 2	3 10 0	3 3 3	5 12 7	6 12 7	5 7 9
'73	4 19 8	3 6 9	3 5 2	5 19 5	8 4 7	4 16 2
'74	2 10 3	3 11 3	3 0 0	3 10 3	4 9 3	6 0 0

TABLE XXVII.—MONTHLY AVERAGES of Bank of England Minimum Rates of Discount from 1845 to 1874.

1845.				1846.				1847.				1848.				1849.			
Average Rate of Year £2. 18s. 6d.		Rate of Year = 100.		Average Rate of Year £3. 6s. 7d.		Rate of Year = 100.		Average Rate of Year £5. 1s. 7d.		Rate of Year = 100.		Average Rate of Year £3. 14s. 8d.		Rate of Year = 100.		Average Rate of Year £2. 18s. 0d.		Rate of Year = 100.	
£ s. d.				£ s. d.				£ s. d.				£ s. d.				£ s. d.			
January	2 10 0	94		Jan.	3 10 0	105		Jan.	4 18 8	66		Jan.	4 18 8	133		Jan.	3 0 0	102	
February	2 10 0	94		Feb.	3 10 0	105		Feb.	3 7 5	79		Feb.	4 0 0	107		Feb.	3 0 0	102	
March ..	2 10 0	94		March ..	3 10 0	105		March ..	4 0 0	79		March ..	4 0 0	107		March ..	3 0 0	102	
April	2 10 0	94		April ..	3 10 0	105		April ..	4 13 4	92		April ..	4 0 0	107		April ..	3 0 0	102	
May	2 10 0	94		May	3 10 0	105		May	5 0 0	98		May	4 0 0	107		May	3 0 0	102	
June	2 10 0	94		June	3 10 0	105		June	5 0 0	98		June	3 15 7	101		June	3 0 0	102	
July	2 10 0	94		July	3 10 0	105		July	5 0 0	98		July	3 10 0	94		July	3 0 0	102	
August ..	2 10 0	94		August ..	3 9 5	104		August ..	5 7 8	106		August ..	3 10 0	94		August ..	3 0 0	102	
Sept.	2 10 0	94		Sept. ..	3 0 0	90		Sept. ..	5 3 7	102		Sept. ..	3 10 0	94		Sept. ..	3 0 0	102	
October..	2 14 2	102		October	3 0 0	90		October	5 14 6	113		October	3 10 0	94		October	3 0 0	102	
November	3 7 3	126		Nov.	3 0 0	90		Nov.	7 14 7	152		Nov.	3 1 3	82		Nov.	2 18 0	98	
December	3 10 0	132		Dec.	3 0 0	90		Dec.	5 18 0	116		Dec.	3 0 0	80		Dec.	2 10 0	85	
1850.				1851.				1852.				1853.				1854.			
Average Rate of Year £2. 10s. 0d.		Rate of Year = 100.		Average Rate of Year £3. 0s. 0d.		Rate of Year = 100.		Average Rate of Year £2. 3s. 3d.		Rate of Year = 100.		Average Rate of Year £3. 13s. 6d.		Rate of Year = 100.		Average Rate of Year £5. 2s. 3d.		Rate of Year = 100.	
£ s. d.				£ s. d.				£ s. d.				£ s. d.				£ s. d.			
January	2 10 0	100		Jan.	3 0 0	100		Jan.	2 11 0	118		Jan.	2 10 3	68		Jan.	5 0 0	98	
February	2 10 0	100		Feb.	3 0 0	100		Feb.	2 10 0	115		Feb.	3 0 0	82		Feb.	5 0 0	98	
March ..	2 10 0	100		March ..	3 0 0	100		March ..	2 10 0	115		March ..	3 0 0	82		March ..	5 0 0	98	
April	2 10 0	100		April ..	3 0 0	100		April ..	2 8 0	111		April ..	3 0 0	82		April ..	5 0 0	98	
May	2 10 0	100		May	3 0 0	100		May	2 0 0	92		May	3 0 0	82		May	5 5 9	104	
June	2 10 0	100		June	3 0 0	100		June	2 0 0	92		June	3 8 7	93		June	5 10 0	108	
July	2 10 0	100		July	3 0 0	100		July	2 0 0	92		July	3 10 0	95		July	5 10 0	108	
August ..	2 10 0	100		August ..	3 0 0	100		August ..	2 0 0	92		August ..	3 10 0	95		August ..	5 1 7	99	
Sept.	2 10 0	100		Sept. ..	3 0 0	100		Sept. ..	2 0 0	92		Sept. ..	4 3 3	113		Sept. ..	5 0 0	98	
October..	2 10 0	100		October	3 0 0	100		October	2 0 0	92		October	5 0 0	136		October	5 0 0	98	
November	2 10 0	100		Nov.	3 0 0	100		Nov.	2 0 0	92		Nov.	5 0 0	136		Nov.	5 0 0	98	
December	2 11 0	102		Dec.	3 0 0	100		Dec.	2 0 0	92		Dec.	5 0 0	136		Dec.	5 0 0	98	

TABLE XXVII. *continued.*—MONTHLY AVERAGES of Bank of England Minimum Rates of Discount from 1845 to 1874.

1855.				1856.				1857.				1858.				1859.				
Average Rate of Year £4. 11s. 8d.		Rate of Year = 100.	d.	Average Rate of Year £5. 8s. 7d.		Rate of Year = 100.	d.	Average Rate of Year £6. 13s. 3d.		Rate of Year = 100.	d.	Average Rate of Year £3. 4s. 5d.		Rate of Year = 100.	d.	Average Rate of Year £2. 14s. 9d.		Rate of Year = 100.	d.	
£	s.			£	s.			£	s.			£	s.			£	s.			£
January	5	0	0	Jan.	5	10	0	Jan.	6	0	0	Jan.	5	16	1	Jan.	2	10	0	91
February	5	0	0	Feb.	5	10	0	Feb.	6	0	0	Feb.	3	5	3	Feb.	2	10	0	91
March ..	5	0	0	March ..	5	10	0	March ..	6	0	0	March ..	3	0	0	March ..	2	10	0	91
April	4	12	3	April ..	5	10	0	April ..	6	9	3	April ..	3	0	0	April ..	2	11	3	93
May	4	1	7	May	5	12	3	May	6	10	0	May	3	0	0	May	4	6	9	158
June	3	15	3	June	4	19	3	June	6	6	0	June	3	0	0	June	3	4	3	117
July	3	10	0	July	4	10	0	July	6	6	0	July	3	0	0	July	2	14	5	99
August ..	3	10	0	August ..	4	10	0	August ..	5	15	2	August ..	3	0	0	August ..	2	10	0	91
Sept.	4	2	7	Sept.	4	10	0	Sept.	5	10	0	Sept.	3	0	0	Sept.	2	10	0	91
October ..	5	8	0	October ..	5	18	1	October ..	6	17	5	October ..	3	0	0	October ..	2	10	0	91
November	5	10	0	Nov.	6	15	0	Nov.	9	10	7	Nov.	3	0	0	Nov.	2	10	0	91
December	5	10	0	Dec.	6	8	5	Dec.	9	11	0	Dec.	2	11	11	Dec.	2	10	0	91

1860.				1861.				1862.				1863.				1864.				
Average Rate of Year £4. 3s. 8d.		Rate of Year = 100.	d.	Average Rate of Year £5. 5s. 11.		Rate of Year = 100.	d.	Average Rate of Year £2. 10s. 7d.		Rate of Year = 100.	d.	Average Rate of Year £4. 8s. 10d.		Rate of Year = 100.	d.	Average Rate of Year £7. 7s. 1d.		Rate of Year = 100.	d.	
£	s.			£	s.			£	s.			£	s.			£	s.			£
January	2	13	10	Jan.	6	15	5	Jan.	2	12	10	Jan.	3	12	2	Jan.	7	7	0	100
February	4	0	0	Feb.	7	10	0	Feb.	2	10	0	Feb.	4	13	7	Feb.	7	5	8	99
March ..	4	0	8	March ..	7	13	7	March ..	2	10	0	March ..	4	0	0	March ..	6	0	0	81
April	4	16	0	April ..	5	10	0	April ..	2	10	0	April ..	4	4	3	April ..	6	9	3	88
May	4	11	0	May	5	9	7	May	2	12	10	May	3	9	0	May	8	4	8	112
June	4	0	0	June	6	0	0	June	3	0	0	June	4	0	0	June	6	10	7	89
July	4	0	0	July	6	0	0	July	2	11	0	July	4	0	0	July	6	3	9	84
August ..	4	0	0	August ..	4	14	2	August ..	2	0	0	August ..	4	0	0	August ..	7	17	5	107
Sept.	4	0	0	Sept.	3	18	7	Sept.	2	0	0	Sept.	4	0	0	Sept.	8	14	7	118
October ..	4	0	0	October ..	3	10	0	October ..	2	0	7	October ..	4	0	0	October ..	9	0	0	122
November	5	2	2	Nov.	3	2	3	Nov.	3	0	0	Nov.	5	15	5	Nov.	8	2	7	110
December	5	0	0	Dec.	3	0	0	Dec.	3	0	0	Dec.	7	12	1	Dec.	6	9	7	88

TABLE XXVII. *continued.*—MONTHLY AVERAGES of Bank of England Minimum Rates of Discount from 1845 to 1874.

1865.			1866.			1867.			1868.			1869.		
Average Rate of Year £4. 15s. 4d.			Average Rate of Year £6. 18s. 11d.			Average Rate of Year £2. 10s. 11d.			Average Rate of Year £2. 1s. 11d.			Average Rate of Year £3. 4s. 2d.		
Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.		
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
January	5 12 2	117	Jan.	7 17 5	113	Jan.	3 10 0	137	Jan.	2 0 0	95	Jan.	3 0 0	94
February	5 0 0	105	Feb.	7 15 8	112	Feb.	3 2 6	122	Feb.	2 0 0	95	Feb.	3 0 0	94
March ..	4 10 7	95	March ..	6 9 6	93	March ..	3 0 0	117	March ..	2 0 0	95	March ..	3 0 0	94
April	4 0 0	84	April ..	6 0 0	86	April ..	3 0 0	117	April ..	2 0 0	95	April ..	4 0 0	125
May	4 6 9	91	May	8 18 0	128	May	2 19 8	116	May	2 0 0	95	May	4 8 6	138
June	3 5 0	68	June ..	10 0 0	144	June ..	2 10 0	98	June ..	2 0 0	95	June ..	4 1 3	126
July	3 1 3	64	July	10 0 0	144	July	2 8 5	95	July	2 0 0	95	July	3 4 9	101
August ..	3 19 0	83	August ..	8 14 9	126	August ..	2 0 0	78	August ..	2 0 0	95	August ..	2 17 0	89
Sept.	4 0 7	84	Sept. ..	5 3 0	74	Sept. ..	2 0 0	78	Sept. ..	2 0 0	95	Sept. ..	2 10 0	78
October ..	6 11 7	138	October ..	4 10 0	65	October ..	2 0 0	78	October ..	2 0 0	95	October ..	2 10 0	78
Nov.	6 15 3	142	Nov. ..	4 2 7	60	Nov. ..	2 0 0	78	Nov. ..	2 3 8	103	Nov. ..	2 18 8	92
Dec.	6 2 0	123	Dec.	3 16 5	55	Dec.	2 0 0	78	Dec.	2 19 1	140	Dec.	3 0 0	94

1870.			1871.			1872.			1873.			1874.		
Average Rate of Year £3. 2s. 7d.			Average Rate of Year £2. 17s. 8d.			Average Rate of Year £4. 0s. 10d.			Average Rate of Year £4. 16s. 0d.			Average Rate of Year £3. 13s. 9d.		
Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.			Rate of Year = 100.		
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
January	3 0 0	96	Jan.	2 10 0	86	Jan.	3 0 0	74	Jan.	4 10 0	94	Jan.	3 17 9	105
February	3 0 0	96	Feb.	2 10 0	86	Feb.	3 0 0	74	Feb.	3 10 0	73	Feb.	3 10 0	94
March ..	3 0 0	96	March ..	2 19 5	102	March ..	3 0 0	74	March ..	3 11 7	75	March ..	3 10 0	94
April	3 0 0	96	April ..	2 14 3	93	April ..	3 15 0	92	April ..	4 0 0	83	April ..	3 10 0	94
May	3 0 0	96	May	2 10 0	86	May	4 13 7	116	May	5 3 7	108	May	3 19 4	107
June	3 0 0	96	June ..	2 7 6	82	June ..	3 11 0	88	June ..	6 5 4	130	June ..	2 17 3	77
July	3 7 9	109	July	2 2 1	72	July	3 4 2	79	July	4 19 8	104	July	2 10 3	67
August ..	5 0 7	162	August ..	2 0 0	69	August ..	3 10 0	86	August ..	3 6 9	70	August ..	3 11 3	96
Sept.	3 12 7	117	Sept. ..	2 8 0	83	Sept. ..	3 3 3	78	Sept. ..	3 5 2	68	Sept. ..	3 0 0	81
October ..	2 10 0	80	October ..	4 15 6	165	October ..	5 12 7	139	October ..	5 19 5	124	October ..	3 10 3	95
Nov.	2 10 0	80	Nov. ..	4 10 7	157	Nov. ..	6 12 7	164	Nov. ..	8 4 7	171	Nov. ..	4 9 3	120
Dec.	2 10 0	80	Dec.	3 4 6	112	Dec.	5 7 9	133	Dec.	4 16 2	100	Dec.	6 0 0	126

TABLE XXVIII.—AVERAGES OF BANK OF ENGLAND MINIMUM RATE OF DISCOUNT for the ten years, 1845-54; 1855-64; 1865-74; and for the thirty years, 1845-74.

	Average Rate for the 30 Years 1845-74 £3. 18s. 5d.	Average Rate of 30 Years 1845-74 =100.		Average Rate for the 10 Years 1845-54, £3. 8s.	Average Rate of 10 Years 1845-54, =100.		Average Rate for the 10 Years 1855-64, £4. 14s. 6d.	Average Rate of 10 Years 1855-64, =100.		Average Rate for the 10 Years 1865-74, £3. 18s. 6d.	Average Rate of 10 Years 1865-74, =100.
January ..	£ s. d. 3 19 9	102	January ..	£ s. d. 3 5 8	96	January ..	£ s. d. 4 15 8	101	January ..	£ s. d. 3 17 8	101
February ..	3 18 5	100	February ..	3 6 0	97	February ..	4 16 5	102	February ..	3 12 9	96
March	3 16 2	97	March	3 6 0	97	March	4 12 5	97	March	3 10 1	91
April	3 16 9	98	April	3 7 1	98	April	4 11 2	96	April	3 11 11	94
May	4 2 5	104	May	3 7 7	99	May	4 15 8	101	May	4 3 8	109
June	3 18 10	101	June	3 8 4	100	June	4 9 6	95	June	3 19 8	104
July	3 15 5	96	July	3 8 0	100	July	4 4 5	89	July	3 13 10	97
August	3 15 0	95	August	3 7 10	100	August	4 3 2	88	August	3 13 11	97
September .	3 11 6	91	September .	3 7 8	100	September .	4 4 6	89	September .	3 2 2	81
October	4 1 1	103	October	3 10 10	104	October	4 12 4	98	October	3 19 11	104
November ..	4 9 6	114	November ..	3 15 1	110	November ..	5 4 9	111	November ..	4 8 8	116
December ..	4 4 7	108	December ..	3 10 10	104	December ..	5 3 3	109	December ..	3 19 1	103

Average Rate of Discount for the Fifty Years, 1825-74—£3. 16s. 2d.

TABLE XXIX.

PART I.—1825-44.

The number of times the Rate of Discount charged in each month has been above, below, or equal to the average of the year for the fifty years 1825-1874.

				No. of times above Average of Year.		No. of times below Average of Year.		No. of times equal to Average of Year.	
				1825-34.	1835-44.	1825-34.	1835-44.	1825-34.	1835-44.
January	..	..	..	7	8	3	2	..	..
February	..	..	..	5	4	5	5	..	1
March	..	..	..	4	3	6	6	..	1
April	..	..	..	4	3	6	7	..	..
May	..	..	..	5	2	5	8	..	..
June	..	..	..	4	5	5	5	1	..
July	..	..	..	3	4	6	5	1	1
August	..	..	..	1	2	9	8	..	..
September	..	..	..	3	3	7	6	..	1
October	..	..	..	4	6	6	2	..	2
November	..	..	..	5	7	5	3	..	..
December	..	..	..	6	8	4	2	..	..

				No. of times above Average of Year for the 20 Years.	No. of times below Average of Year for the 20 Years.	No. of times equal to Average of Year for the 20 Years.
				1825-44.	1825-44.	1825-44.
January	..	..	..	15	5	..
February	..	..	..	9	10	1
March	..	..	..	7	12	1
April	..	..	..	7	13	..
May	..	..	..	7	13	..
June	..	..	..	9	10	1
July	..	..	..	7	11	2
August	..	..	..	3	17	..
September	..	..	..	6	13	1
October	..	..	..	10	8	2
November	..	..	..	12	8	..
December	..	..	..	14	6	..

TABLE XXIX. *continued.*

PART II.—1845-74.

The number of times the Rate of Discount charged in each month has been above, below, or equal to the average of the year for the fifty years 1825—1874.

			No. of times above Average of Year.			No. of times below Average of Year.		
			1845-54.	1855-64.	1865-74.	1845-54.	1855-64.	1865-74.
January	..	..	4	5	4	4	4	6
February	..	..	4	5	3	4	5	7
March	..	..	4	3	2	4	7	8
April	..	..	4	4	2	4	6	8
May	..	..	4	6	6	4	4	4
June	..	..	4	3	3	4	7	7
July	..	..	3	2	4	5	8	6
August	..	..	3	1	2	5	9	8
September	..	..	3	1	1	5	9	9
October	..	..	4	4	4	4	6	6
November	..	..	3	7	6	5	3	4
December	..	..	4	6	5	5	4	4

			Equal to Average of Year.			No. of times above Average of Year for the 30 years.	No. of times below Average of Year for the 30 Years.	No. of times equal to Average of Year for the 30 Years.
			1845-54.	1855-64.	1865-74.	1845-74.	1845-74.	1845-74.
January	..	2	1	..	..	13	14	3
February	..	2	..	..	..	12	16	2
March	..	2	..	..	..	9	19	2
April	..	2	..	..	..	10	18	2
May	..	2	..	..	..	16	12	2
June	..	2	..	..	..	10	18	2
July	..	2	..	..	..	9	19	2
August	..	2	..	..	..	6	22	2
September	..	2	..	..	..	5	23	2
October	..	2	..	..	..	12	16	2
November	..	2	..	..	..	16	12	2
December	..	1	..	1	..	15	13	2

TABLE XXX. —BANKERS' CLEARING HOUSE RETURN, 1868-1874.

1868.			1870.			1872.			1874.		
Amount of Year, £23,466,045,000. Weekly Average, £65,397,075=100.			Amount of Year, £3,904,925,000. Weekly Average, £75,092,733=100.			Amount of Year, £5,903,720,000. Weekly Average, £113,533,076=100.			Amount of Year, £5,916,195,000. Weekly Average, £113,771,057=100.		
Weekly Average in Months of			Weekly Average in Months of			Weekly Average in Months of			Weekly Average in Months of		
£			£			£			£		
January ..	62,569,200	96	January ..	80,264,750	107	January ..	121,418,800	107	January ..	115,069,250	101
February ..	65,565,750	100	February ..	79,078,250	105	February ..	106,263,250	93	February ..	116,598,000	102
March ..	66,276,000	101	March ..	79,233,800	106	March ..	119,238,750	105	March ..	116,892,000	103
April ..	66,740,600	102	April ..	71,634,000	96	April ..	106,968,750	94	April ..	112,515,800	99
May ..	60,474,500	92	May ..	76,056,500	101	May ..	110,579,600	97	May ..	111,751,000	98
June ..	65,802,750	100	June ..	75,536,600	101	June ..	112,854,250	99	June ..	115,464,500	101
July ..	68,612,800	105	July ..	86,226,250	115	July ..	127,685,600	112	July ..	117,503,000	103
August ..	66,087,000	101	August ..	73,354,200	88	August ..	111,564,000	98	August ..	108,045,500	95
September ..	61,732,400	94	September ..	63,830,750	85	September ..	108,025,750	95	September ..	116,944,000	103
October ..	64,569,500	99	October ..	71,584,750	95	October ..	117,493,000	103	October ..	109,564,750	96
November ..	68,038,250	104	November ..	74,085,800	99	November ..	103,991,000	91	November ..	111,989,000	98
December ..	63,103,000	104	December ..	69,759,000	93	December ..	108,048,250	95	December ..	111,977,000	98
Weekly Average in Months during the 7 Years 1868-1874.			Weekly Average in Months during the 7 Years 1868-1874.			Weekly Average in Months during the 7 Years 1868-1874.			Weekly Average in Months during the 7 Years 1868-1874.		
Amount of Year, £3,601,678,000. Weekly Average, £69,263,000=100.			Amount of Year, £4,737,217,000. Weekly Average, £92,061,863=100.			Amount of Year, £8,161,500,000. Weekly Average, £116,254,717=100.			Amount of Year, £92,196,225=100.		
Weekly Average in Months of			Weekly Average in Months of			Weekly Average in Months of			Weekly Average in Months of		
£			£			£			£		
January ..	69,933,000	101	January ..	78,378,250	85	January ..	121,166,800	104	January ..	92,685,721	101
February ..	72,533,500	105	February ..	81,901,750	89	February ..	124,083,250	107	February ..	92,289,107	100
March ..	73,395,400	106	March ..	85,587,600	93	March ..	122,255,900	105	March ..	94,696,650	103
April ..	70,375,000	101	April ..	88,825,000	96	April ..	115,302,400	99	April ..	90,380,221	98
May ..	67,652,000	98	May ..	90,383,000	98	May ..	111,203,000	96	May ..	89,728,514	97
June ..	67,663,000	98	June ..	82,309,000	89	June ..	111,864,250	96	June ..	90,213,478	98
July ..	70,428,500	102	July ..	103,400,000	112	July ..	119,564,400	103	July ..	99,060,078	107
August ..	68,489,000	99	August ..	92,522,000	100	August ..	115,660,000	100	August ..	90,817,385	99
September ..	63,408,000	92	September ..	97,609,250	106	September ..	104,408,250	90	September ..	87,952,485	95
October ..	71,227,750	103	October ..	106,569,250	116	October ..	115,498,000	100	October ..	93,786,714	102
November ..	68,244,000	98	November ..	98,099,800	107	November ..	118,251,500	102	November ..	91,814,193	99
December ..	68,762,600	99	December ..	99,571,250	108	December ..	114,595,800	98	December ..	91,545,271	99

PROPORTION of DEPOSITS held by 36 ISSUING BANKS in *England* in 1874, as compared with 1844.

1844=100

1874.

1,245	555	425	307	248	196
690	507	405	300	239	175
674	501	381	294	237	175
642	477	348	272	235	173
600	450	328	261	217	160
580	438	327	250	209	143

Total Average, say deposits, 1844=100

" " " " 1874=350

REPLIES received from 36 ISSUING JOINT STOCK BANKS in *England* and *Wales*, as to the proportion borne by their CIRCULATION to their DEPOSITS in the years 1844 and 1874, respectively.

1844.	1874.	1844.	1874.	1844.	1874.	1844.	1874.
Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
40	7½	22	5	14	5½	11½	2
35	6	22	1½	14	5	11	2½
34	4½	21½	1	13½	5	10½	5
33	11	20	5	13	4	10	2
33	8½	18½	6	12½	3	10	5
31	4	18	5	12	2½	9½	2
26	4	16½	3	12	5	9	3
25	5	15	2½	12	4	8	2½
24	16	14	4	11½	2	8	3

Total Average, 1844, proportion of Circulation to deposits, 17 Per cent.

" " 1874 " " " 4 "

REPLIES received from 36 ISSUING JOINT STOCK BANKS in *England* and *Wales*, as to the Amounts of DEPOSITS held by them in the Years 1844 and 1874 respectively, and the Proportion borne by their CIRCULATION to their DEPOSITS at both Dates.

THIRTY-SIX BANKS.

YEAR.				Authorised Issue.	Deposits.	Proportion of Issue to Deposits.
				£. .	£.	Per Cent.
1844	-	-	-	2,021,289	12,008,068	17
				Actual Issue:		
1874	-	-	-	1,746,245	42,342,294	4

PROPORTION of DEPOSITS in 1844 say 1844=100
to that in 1874 " 1874=350

REPLIES received from 25 ISSUING BANKS in *England* and *Wales* as to the Proportion of their CAPITALS and CIRCULATIONS in 1844 and 1874 respectively.

TWENTY-FIVE BANKS.

Year.	Authorised Issue.	Capital.	Proportion of Issue to Capital.
	£.	£.	Per cent.
1844	1,149,119	2,064,492	56
	Actual Issue :		
1874	949,758	7,223,323	13

STATEMENT as to the Position of 59 BANKS, ISSUING and NON-ISSUING, in *England* and *Wales* in 1875.

Capital	£ 17,591,329	19½ per cent. Proportion of Capital and Reserves to deposits.
Reserves	7,649,731	
	25,241,060	
Deposits	129,866,919	18 per cent. Proportion of Capital and Reserves to total liabilities.
Acceptances and other liabilities	9,979,653	
Total liabilities to the Public ..	139,846,572	

REPLIES received from 21 ISSUING BANKS in *England* and *Wales* as to the Amounts of their CAPITAL and DEPOSITS, and CIRCULATION 1844 and 1874 respectively.

TWENTY-ONE BANKS.

Year.	Authorised Issue.	Capitals.	Deposits.	Proportion of Capitals to Deposits.
	£.	£.	£.	Per Cent.
1844	956,605	1,802,292	5,831,909	31
	Actual Issue:			
1874	766,177	6,130,107	25,009,113	24

REPLIES received from 21 ISSUING BANKS in *England and Wales*—continued.

BANKS No. 1 to No. 19.

TABLE showing the Proportion of NOTES in CIRCULATION to the DEPOSITS in the undermentioned Years.

	YEARS.	Deposits taken as = 100 in the <i>first</i> year under consideration, the <i>proportional</i> increase is shown by the figures in subsequent years.	Proportion of Circulation to Deposits.
BANK No. 1 (a Bank in a mixed district. Commercial and agricultural.)	31 Dec. 1844	= 100	22 percent.
	31 " 1859	" 280	7 "
	31 " 1874	" 1,245	1½ "
BANK No. 2 (a Bank in a mixed district. Manufacturing and agricultural).	1 May 1844	= 100	14 "
	1 " 1854	" 118	10½ "
	1 " 1864	" 147	8½ "
	1 " 1874	" 235	5 "
BANK No. 3 (a Bank in an agricultural district).	1844 - -	= 100	11 "
	1854 - -	" 103	10 "
	1864 - -	" 96	6 "
	1874 - -	" 160	4 "
BANK No. 4 (a Bank in a mixed district. Industrial and agricultural).	1844 - -	= 100	—
	1854 - -	" 126	—
	1864 - -	" 133	—
	1874 - -	" 299	—
BANK No. 5 (a Bank in a manufacturing locality).	1844 - -	= 100	—
	1854 - -	" 138	—
	1864 - -	" 166	—
	1874 - -	" 674	—
BANK No. 6 (a Bank in a district principally agricultural).	1844 - -	= 100	—
	1854 - -	" 149	—
	1864 - -	" 155	—
	1874 - -	" 294	—
BANK No. 7 (a Bank in a mixed district. Agricultural, trading and manufacturing).	30 June 1844	= 100	—
	30 June 1854	" 168	—
	30 June 1864	" 215	—
	30 June 1874	" 414	—
	31 Dec. 1874	" 436	—
BANK No. 8 (a Bank in a mixed district. Manufacturing and agricultural).	31 Dec. 1844	= 100	—
	31 Dec. 1854	" 166	—
	31 Dec. 1864	" 226	—
	31 Dec. 1874	" 555	—

BANK No. 9. Deposits double in 1874 the amount in 1844.

BANK No. 10. Deposits two and a half times larger in 1874 than in 1844.

BANK No. 11*. Deposits more than three to one larger in 1874 than in 1844.

BANK No. 12. Deposits quadrupled in 1874 compared with 1844.

BANK No. 13. Deposits seven times more in 1874 than in 1844.

BANK No. 14. Deposits three times more in 1874 compared with 1844.

BANK No. 15. Deposits more than three times larger in 1874 than in 1844.

BANK No. 16. Deposits three times larger in 1874 than in 1844.

BANK No. 17. Deposits three times and one-third larger in 1874 than in 1844.

BANK No. 18. Deposits more than three times larger in 1874 than in 1844.

BANK No. 19. Deposits rather more than four times larger in 1874 than in 1844.

* Deposits one-fifth more in 1854 than in 1844. Double in 1864 those in 1844.

REPLIES received from 21 ISSUING BANKS in *England and Wales*—continued.

BANK No. 20. (A Bank in a Manufacturing District.)

TABLE showing the PROPORTION of NOTES in CIRCULATION to the DEPOSITS, on 31st December in each Year from 1844 to 1874, inclusive.

Proportion of Note Circulation on 31 December in each Year to that on 31 December 1844. Amount on Dec. 1844=100.	Proportion of Deposits on 31 December Year to that on 31 December 1844. Amount on Dec. 1844=100.	Proportion of Notes in Circulation to Deposits at each date.	Proportion of Note Circulation on 31 December in each Year to that on 31 December 1844. Amount on Dec. 1844=100.	Proportion of Deposits on 31 December Year to that on 31 December 1844. Amount on Dec. 1844=100.	Proportion of Notes in Circulation to Deposits at each Date.
31 Dec. 1844	= 100	14 per cent.	31 Dec. 1860	= 159	8 per cent.
31 Dec. 1845	" 109	16 "	31 Dec. 1861	" 153	8 $\frac{1}{2}$ "
31 Dec. 1846	" 112	17 "	31 Dec. 1862	" 150	8 "
31 Dec. 1847	" 96	15 "	31 Dec. 1863	" 161	7 $\frac{1}{2}$ "
31 Dec. 1848	" 97	16 $\frac{1}{2}$ "	31 Dec. 1864	" 160	7 "
31 Dec. 1849	" 94	14 $\frac{1}{2}$ "	31 Dec. 1865	" 176	6 "
31 Dec. 1850	" 90	11 $\frac{1}{2}$ "	31 Dec. 1866	" 166	5 $\frac{1}{2}$ "
31 Dec. 1851	" 90	12 "	31 Dec. 1867	" 194	5 "
31 Dec. 1852	" 95	10 $\frac{1}{2}$ "	31 Dec. 1868	" 204	5 $\frac{1}{2}$ "
31 Dec. 1853	" 106	11 "	31 Dec. 1869	" 206	5 "
31 Dec. 1854	" 111	11 $\frac{1}{2}$ "	31 Dec. 1870	" 196	5 "
31 Dec. 1855	" 115	15 "	31 Dec. 1871	" 221	5 "
31 Dec. 1856	" 109	10 "	31 Dec. 1872	" 242	5 "
31 Dec. 1857	" 76	8 $\frac{1}{2}$ "	31 Dec. 1873	" 259	5 "
31 Dec. 1858	" 87	9 "	31 Dec. 1874	" 272	4 $\frac{1}{2}$ "
31 Dec. 1859	" 107	10 $\frac{1}{2}$ "		"	"

REPLIES received from 21 ISSUING BANKS in *England and Wales*—continued.

BANK No. 21. (A Bank in an Agricultural District.)

TABLE showing the PROPORTION of CIRCULATION to BANKING DEPOSITS.

YEARS.	Average Deposits. Amount on Dec. 1844=100.	Proportion of Notes in Circulation to Deposits.	YEARS.	Average Deposits. Amount on Dec. 1844=100.	Proportion of Notes in Circulation to Deposits.
1844	= 100	33 per cent.	1860	= 200	17 per cent.
1845	" 100	33 "	1861	" 233	14 "
1846	" 100	33 "	1862	" 233	14 "
1847	" 100	33 "	1863	" 233	14 "
1848	" 100	33 "	1864	" 250	13½ "
1849	" 133	25 "	1865	" 250	13½ "
1850	" 150	22½ "	1866	" 300	11 "
1851	" 150	22½ "	1867	" 300	11 "
1852	" 150	22½ "	1868	" 316	10½ "
1853	" 150	22½ "	1869	" 316	10½ "
1854	" 150	22½ "	1870	" 300	10½ "
1855	" 150	22½ "	1871	" 316	10½ "
1856	" 167	20 "	1872	" 333	10 "
1857	" 200	17 "	1873	" 333	10 "
1858	" 200	17 "	1874	" 367	9 "
1859	" 200	17 "			

(In answer to Question 5698.)

RULES for the Conduct of a CLEARING of COUNTRY CHEQUES in *London*.

1. A clearing to be held in the middle of each day for the interchange, among the London bankers, of cheques on their correspondents in the country, placed in their hands for collection.

2. Each London banker to remit for collection to his country correspondents the cheques drawn upon them, saying, "Please say if we may debit you £ for cheques enclosed."

3. Country bankers wishing to avail themselves of this clearing, to remit their country cheques to their own London agent, to stamp across them their own name and address and that of their London agent.

4. Any country bank not intending to pay a cheque sent to it for collection, to return it direct to the country bank, if any, whose name and address is stamped across it

5. Each country bank to write by return of post to its London agent in reply, "We credit you £ for cheques forwarded to us for collection in yours of ;" adding, in case of non-payment of any such cheques, "having deducted, £ for cheque returned to Messrs. at , and £ returned to Messrs. at ."

(In Answer to Question 7,739.)

STATEMENT Showing the Profit to the BANK OF ENGLAND arising out of the ISSUE DEPARTMENT for the Year 1875.

RECEIPTS.				£.
Interest on securities	..	..	..	458,035
*Profit on bullion	..	..	..	32,423
				<u>£ 490,468</u>
PAYMENTS.				£
Composition in lieu of stamps	..	..	..	60,060
Her Majesty's Exchequer	..	..	..	138,578
Country bankers (lapsed issues)	..	..	..	18,860
Bank note paper	..	..	..	18,022
Wages, pensions, rent, machinery, and general charges	..	..	..	147,300
Balance of profit	..	..	..	107,708
				<u>£ 490,468</u>

* The average profits on bullion for the ten years, 1865 to 1874, were £14,900 per annum.

Bank of England,
27th July, 1875.

(In Answer to Question 7,740.)

The terms of absorption by the Bank of England of the issues of other banks are in accordance with the 24th section of the Act 7 & 8 Vict., c. 32, which enacts: "That it shall be lawful for the said Governor and Company to agree with every banker who, under the provisions of this Act, shall be entitled to issue bank notes, to allow to such banker a composition at the rate of one per centum per annum on the amount of Bank of England notes which shall be issued and kept in circulation by such banker as a consideration for his relinquishment of the privilege of issuing his own bank notes."

Bank of England,
27th July, 1875.

ESTIMATE made by Mr. F. Hendriks, Actuary of the Universal Life Assurance Society, 7 June 1875.

TOTAL GOLD COINAGE of *France, Italy, and Belgium*, now Current in those Countries, and in other Countries (*Switzerland, Hungary, and Austria, &c.*), which have signified their Adhesion to the MONETARY TREATY of December 1865.

Estimated total in Pounds sterling - - - - -	£	225,000,000
Basis of estimate :		
Coinage of Gold in France (1832-74) - - - - -		272,784,717
Belgium (1832-74) - - - - -		11,795,457
Italy (1866-74) - - - - -		1,916,884
		286,497,058
Deductions for—		
(1) French Gold remitted to Germany in payment of War Indemnity, as per Mr. Say's report - - - - -	£	10,920,000
(2) Recoinages of old and worn Gold, and Gold used in the Arts, &c., <i>i.e.</i> , Gold Coin consumed, exclusive of Gold Bullion - - - - -		50,577,058
		61,497,058
	£.	225,000,000

BRITISH GOLD COINAGE IN CIRCULATION IN 1875.

Gold (sovereigns and half-sovereigns), coined at the Royal Mint (1817-74)	£	212,950,000
Gold at Sydney Branch (1855-74)		35,857,000
Gold at Melbourne Branch (1872-74)		2,955,000
Total Gold coined in London since the establishment of a gold currency in 1817, and in Australia since the establishment of branch Mints there in 1855 and 1872 ..		251,762,000
From the above must be deducted (1) the loss from fire and shipwreck, and from use in the arts and in manufactures, and from wear and tear of the coin in circulation in each of the 58 years, 1817-74; (2) the exceedingly large but unascertainable amount of melting for conversion into bullion, and for recoinages included in the above total statement in the case of English and Australian mintages, but not measurable at all as regards the reconversion of such mintages into foreign coin: (3) the deductions to be made for British gold coin manufactured for, or current with, legal or recognised tender, in the Brazils, Portugal, &c., and amongst travellers and in commerce in all parts of the world. All these special circumstances connected with the wear and tear, and wide and rapid circulation and use, of the British gold coinage leads to the inference that quite 60 per cent. of the total British and Australian mintages has disappeared from circulation: say, about		151,762,000
Leaving in Circulation in 1875	£	100,000,000

ANNO SEPTIMO & OCTAVO
VICTORIÆ REGINÆ.

CAP. XXXII.

An Act to regulate the Issue of Bank Notes, and
for giving to the Governor and Company of the
Bank of *England* certain Privileges for a
limited Period.

[19th *July* 1844.]

WHEREAS it is expedient to regulate the Issue of Bills
or Notes payable on Demand: And whereas an Act
was passed in the Fourth Year of the Reign of His late
Majesty King *William* the Fourth, intituled *An Act for giving
to the Corporation of the Governor and Company of the Bank
of England certain Privileges for a limited Period, under certain
Conditions*; and it is expedient that the Privileges of exclusive
Banking therein mentioned should be continued to the said
Governor and Company of the Bank of *England*, with such
Alterations as are herein contained, upon certain Conditions:
May it therefore please Your Majesty that it may be enacted;
and be it enacted by the Queen's most Excellent Majesty, by
and with the Advice and Consent of the Lords Spiritual and
Temporal, and Commons, in this present Parliament assembled,
and by the Authority of the same. That from and after the
Thirty-first day of Day of *August* One thousand eight hundred
and forty-four the Issue of Promissory Notes of the Governor
and Company of the Bank of *England*, payable on Demand,
shall be separated and thenceforth kept wholly distinct from
the general Banking Business of the said Governor and Com-
pany; and the Business of and relating to such Issue shall be
thenceforth conducted and carried on by the said Governor

3 & 4 W. 4, c. 98.

Bank to estab-
lish a separate
Department for
the issue of
Notes.

and Company in a separate Department to be called "The Issue Department of the Bank of *England*," subject to the Rules and Regulations hereinafter contained; and it shall be lawful for the Court of Directors of the said Governor and Company, if they shall think fit, to appoint a Committee or Committees of Directors for the Conduct and Management of such Issue Department of the Bank of *England*, and from Time to Time to remove the Members, and define, alter, and regulate the Constitution and Powers of such Committee, as they shall think fit, subject to any Bye-laws, Rules, or Regulations which may be made for that purpose: Provided, nevertheless, that the said Issue Department shall always be kept separate and distinct from the Banking Department of the said Governor and Company.

Management
of the Issue
by Bank of
England.

II. And be it enacted, That upon the Thirty-first Day of *August* One thousand eight hundred and forty-four there shall be transferred, appropriated, and set apart by the said Governor and Company to the Issue Department of the Bank of *England* Securities to the Value of Fourteen million Pounds, whereof the Debt due by the Public to the said Governor and Company shall be and be deemed a Part; and there shall also at the same Time be transferred, appropriated, and set apart by the said Governor and Company to the said Issue Department so much of the Gold Coin and Gold and Silver Bullion then held by the Bank of *England* as shall not be required by the Banking Department thereof; and thereupon there shall be delivered out of the said Issue Department into the said Banking Department of the Bank of *England* such an Amount of Bank of *England* Notes as, together with the Bank of *England* Notes then in circulation, shall be equal to the aggregate Amount of the Securities, Coin, and Bullion so transferred to the said Issue Department of the Bank of *England*; and the whole Amount of Bank of *England* Notes then in circulation, including those delivered to the Banking Department of the Bank of *England* as aforesaid, shall be deemed to be issued on the Credit of such Securities, Coin, and Bullion so appropriated and set apart to the said Issue Department; and from thenceforth it shall not be lawful for the said Governor and Company to increase the Amount of Securities for the Time being in the said Issue Department, save as hereinafter is mentioned, but it shall be lawful for the said Governor and Company to diminish the Amount of such Securities, and again to increase the same to any Sum not exceeding in the whole the Sum of Fourteen million Pounds, and so from Time to Time as they shall see Occasion; and from and after such Transfer and Appropria-

tion to the said Issue Department as aforesaid it shall not be lawful for the said Governor and Company to issue Bank of *England* Notes, either into the Banking Department of the Bank of *England*, or to any Persons or Person whatsoever, save in exchange for other Bank of *England* Notes, or for Gold Coin or for Gold or Silver Bullion received or purchased for the said Issue Department under the Provisions of this Act, or in exchange for Securities acquired and taken in the said Issue Department under the Provisions herein contained: Provided always, that it shall be lawful for the said Governor and Company in their Banking Department to issue all such Bank of *England* Notes as they shall at any Time receive from the said Issue Department or otherwise, in the same Manner in all respects as such Issue would be lawful to any other Person or Persons.

III. And whereas it is necessary to limit the Amount of Silver Bullion on which it shall be lawful for the Issue Department of the Bank of *England* to issue Bank of *England* Notes: Be it therefore enacted, That it shall not be lawful for the Bank of *England* to retain in the Issue Department of the said Bank at any One Time an Amount of Silver Bullion exceeding One Fourth Part of the Gold Coin and Bullion at such Time held by the Bank of *England* in the Issue Department.

Proportion of
Silver Bullion
to be retained
in the Issue
Department.

IV. And be it enacted, That from and after the Thirty-first Day of *August* One thousand eight hundred and forty-four all Persons shall be entitled to demand from the Issue Department of the Bank of *England* Bank of *England* Notes in exchange for Gold Bullion, at the Rate of Three Pounds Seventeen Shillings and Ninepence *per* Ounce of Standard Gold: Provided always, that the said Governor and Company shall in all Cases be entitled to require such Gold Bullion to be melted and assayed by Persons approved by the said Governor and Company, at the expense of the Parties tendering such Gold Bullion.

All Persons
may demand
of the Issue
Department
Notes for Gold
Bullion.

V. Provided always, and be it enacted, That if any Banker who on the Sixth Day of *May* One thousand eight hundred and forty-four was issuing his own Bank Notes shall cease to issue his own Bank Notes, it shall be lawful for her Majesty in Council, at any Time after the Cessation of such Issue, upon the Application of the said Governor and Company, to authorize and empower the said Governor and Company to increase the Amount of Securities in the said Issue Department beyond the total Sum or Value of Fourteen million Pounds, and

Power to
increase Secu-
rities in the
Issue Depart-
ment, and
Issue additional
Notes.

thereupon to issue additional Bank of *England* Notes to an Amount not exceeding such increased Amount of Securities specified in such Order in Council, and so from Time to Time : Provided always, that such increased Amount of Securities specified in such Order in Council shall in no Case exceed the Proportion of Two-thirds the Amount of Bank Notes which the Banker so ceasing to issue may have been authorised to issue under the Provisions of this Act ; and every such Order in Council shall be published in the next succeeding *London Gazette*.

Account to be rendered by the Bank of England.

VI. And be it enacted, That an Account of the Amount of Bank of *England* Notes issued by the Issue department of the Bank of *England*, and of Gold Coin and of Gold and Silver Bullion respectively, and of Securities in the said Issue Department, and also an Account of the Capital Stock, and the Deposits, and of the Money and Securities belonging to the said Governor and Company in the Banking Department of the Bank of *England*, on some Day in every Week to be fixed by the Commissioners of Stamps and Taxes, shall be transmitted by the said Governor and Company weekly to the said Commissioners in the Form prescribed in the Schedule hereto annexed, marked (A.), and shall be published by the said Commissioners in the next succeeding *London Gazette* in which the same may be conveniently inserted.

Bank of England exempted from Stamp Duty upon their Notes.

VII. And be it enacted, That from and after the said Thirty-first Day of *August* One thousand eight hundred and forty-four the said Governor and Company of the Bank of *England* shall be released and discharged from the Payment of any Stamp Duty, or Composition in respect of Stamp Duty, upon or in respect of their Promissory Notes payable to Bearer on Demand ; and all such Notes shall thenceforth be and continue free and wholly exempt from all Liability to any Stamp Duty whatsoever.

Bank to allow £180,000 per annum.

VIII. And be it enacted, that from and after the said Thirty-first Day of *August* One thousand eight hundred and forty-four the Payment or Deduction of the Annual Sum of One hundred and twenty thousand Pounds, made by the said Governor and Company, under the Provisions of the said Act passed in the Fourth Year of the Reign of His late Majesty King *William* the Fourth, out of the Sums payable to them for the Charges of Management of the Public Unredeemed Debt, shall cease, and in lieu thereof the said Governor and Company, in consideration of the Privileges of exclusive Banking, and the Exemption from Stamp Duties, given to them by this

Act, shall, during the Continuance of such Privileges and such Exemption respectively, but no longer, deduct and allow to the Public, from the sums now payable by Law to the said Governor and Company for the Charges of Management of the Public Unredeemed Debt, the annual Sum of One hundred and eighty thousand Pounds, anything in any Act or Acts of Parliament, or in any Agreement, to the contrary notwithstanding: Provided always, that such Deduction shall in no respect prejudice or affect the Rights of the said Governor and Company to be paid for the Management of the Public Debt at the Rate and according to the Terms provided in an Act passed in the Forty-eighth Year of the Reign of His late Majesty King *George the Third*, intituled *An Act to authorize the advancing for the Public Service, upon certain conditions, a Proportion of the Balance remaining in the Bank of England, for the Payment of Unclaimed Dividends, Annuities, and Lottery Prizes, and for regulating the Allowances to be made for the Management of the National Debt.*

48 Geo. c. 4.

IX. And be it enacted, That in case, under the Provisions herein-before contained, the Securities held in the said Issue Department of the Bank of *England* shall at any Time be increased beyond the total Amount of Fourteen million Pounds, then and in each and every Year in which the same shall happen, and so long as such Increase shall continue, the said Governor and Company shall, in addition to the said annual Sum of One hundred and eighty thousand Pounds, make a further Payment or Allowance to the Public, equal in Amount to the net Profit derived in the said Issue Department during the current Year from such additional Securities, after deducting the Amount of the Expenses occasioned by the additional Issue during the same Period, which Expenses shall include the Amount of any and every Composition or Payment to be made by the said Governor and Company to any Banker in consideration of the Discontinuance at any Time hereafter of the Issue of Bank Notes by such Banker; and such further Payment or Allowance to the Public by the said Governor and Company shall, in every Year while the Public shall be entitled to receive the same, be deducted from the Amount by Law payable to the said Governor and Company for the Charges of Management of the Unredeemed Public Debt, in the same Manner as the said annual Sum of One hundred and eighty thousand Pounds is hereby directed to be deducted therefrom.

Bank to allow the Public the Profits of increased Circulation.

X. And be it enacted, That from and after the passing of this Act no Person other than a Banker who on the Sixth

No new Bank of Issue.

Day of *May* One thousand eight hundred and forty-four was lawfully issuing his own Bank Notes shall make or issue Bank Notes in any Part of the United Kingdom.

Restriction
against Issue of
Bank Notes.

XI. And be it enacted, That from and after the passing of this Act it shall not be lawful for any Banker to draw, accept, make, or issue, in *England* or *Wales*, any Bill of Exchange or Promissory Note or Engagement for the Payment of Money payable to Bearer on Demand, or to borrow, owe, or take up, in *England* or *Wales*, any Sums or Sum of Money on the Bills or Notes of such Banker payable to Bearer on Demand, save and except that it shall be lawful for any Banker who was on the Sixth Day of *May* One thousand eight hundred and forty-four carrying on the Business of a Banker in *England* or *Wales*, and was then lawfully issuing, in *England* or *Wales*, his own Bank Notes, under the Authority of a Licence to that Effect, to continue to issue such Notes to the Extent and under the Conditions herein-after mentioned, but not further or otherwise; and the Right of any Company or Partnership to continue to issue such Notes shall not be in any Manner prejudiced or affected by any Change which may hereafter take place in the personal Composition of such Company or Partnership, either by the Transfer of any Shares or Share therein, or by the Admission of any new Partner or Member thereto, or by the Retirement of any present Partner or Member therefrom: Provided always, that it shall not be lawful for any Company or Partnership now consisting of only Six or less than Six Persons to issue Bank Notes at any Time after the Number of Partners therein shall exceed Six in the whole.

Bankers ceas-
ing to issue
Notes may not
resume.

XII. And be it enacted, That if any Banker in any Part of the United Kingdom who after the passing of this Act shall be entitled to issue Bank Notes shall become bankrupt, or shall cease to carry on the Business of a Banker, or shall discontinue the Issue of Bank Notes, either by Agreement with the Governor and Company of the Bank of *England* or otherwise, it shall not be lawful for such Banker at any Time thereafter to issue any such Notes.

Existing Banks
of Issue to
continue under
certain
Limitations.

XIII. And be it enacted, That every Banker claiming under this Act to continue to issue Bank Notes in *England* or *Wales* shall, within One Month next after the passing of this Act, give Notice in Writing to the Commissioners of Stamps and Taxes at their Head Office in *London* of such claim, and of the Place and Name and Firm at and under which such Banker has issued such Notes during the Twelve Weeks next preced-

ing the Twenty-seventh day of *April* last; and thereupon the said Commissioners shall ascertain if such Banker was on the Sixth day of *May* One thousand eight hundred and forty-four carrying on the Business of a Banker, and lawfully issuing his own Bank Notes in *England* or *Wales*, and if it shall so appear then the said Commissioners shall proceed to ascertain the average Amount of the Bank Notes of such Banker which were in circulation during the said Period of Twelve Weeks preceding the Twenty-seventh Day of *April* last, according to the Returns made by such Banker in pursuance of the Act passed in the Fourth and Fifth Years of the Reign of Her present Majesty, intituled *An Act to make further Provision relative to the Returns to be made by Banks of the Amount of their Notes in circulation*; and the said Commissioners or any Two of them shall certify under their Hands to such Banker the said average Amount, when so ascertained as aforesaid; and it shall be lawful for every such Banker to continue to issue his own Bank Notes after the passing of this Act: Provided nevertheless, that such Banker shall not at any Time after the Tenth Day of *October* One thousand eight hundred and forty-four have in circulation upon the Average of a Period of Four Weeks, to be ascertained as herein-after mentioned, a greater Amount of Notes than the Amount so certified.

4 & 5 Vict. c. 50.

XIV. Provided always, and be it enacted, That if it shall be made to appear to the Commissioners of Stamps and Taxes that any two or more Banks have, by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners), become united within the Twelve Weeks next preceding such Twenty-seventh Day of *April* as aforesaid, it shall be lawful for the said Commissioners to ascertain the average Amount of the Notes of each such Bank in the Manner herein-before directed, and to certify the average Amount of the Notes of the Two or more Banks so united as the Amount which the united Bank shall thereafter be authorized to issue, subject to the Regulations of this Act.

Provision for
united Banks.

XV. And be it enacted, That the Commissioners of Stamps and Taxes shall, at the Time of certifying to any Banker such Particulars as they are herein-before required to certify, also publish a Duplicate of their Certificate thereof in the next succeeding *London Gazette* in which the same may be conveniently inserted; and the Gazette in which such Publication shall be made shall be conclusive Evidence in all Courts whatsoever of the Amount of Bank Notes which the Banker named

Duplicate Cer-
tificate to be
published in the
Gazette.Gazette to be
Evidence.

in such Certificate or Duplicate is by Law authorized to issue and to have in circulation as aforesaid.

In case Banks become united, Commissioners to certify the amount of Bank Notes which each Bank was authorised to issue.

XVI. And be it enacted, That in case it shall be made to appear to the Commissioners of Stamps and Taxes, at any Time hereafter, that any Two or more Banks, each such Bank consisting of not more than Six Persons, have, by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners), become united subsequently to the passing of this Act, it shall be lawful to the said Commissioners, upon the Application of such united Bank, to certify, in manner herein-before mentioned, the aggregate of the Amounts of Bank Notes which such separate Banks were previously authorized to issue, and so from Time to Time; and every such Certificate shall be published in manner herein-before directed; and from and after such Publication the Amount therein stated shall be and be deemed to be the Limit of the Amount of Bank Notes which such united Bank may have in circulation: Provided always, that it shall not be lawful for any such united Bank to issue Bank Notes at any Time after the Number of Partners therein shall exceed Six in the whole.

Penalty on Banks issuing in excess.

XVII. And be it enacted, That if the monthly average Circulation of Bank Notes of any Banker, taken in the manner herein-after directed, shall at any Time exceed the Amount which such Banker is authorized to issue and to have in circulation under the Provisions of this Act, such Banker shall in every such Case forfeit a Sum equal to the Amount by which the average monthly Circulation, taken as aforesaid, shall have exceeded the Amount which such Banker was authorised to issue and to have in circulation as aforesaid.

Issuing Banks to render Accounts.

XVIII. And be it enacted, That every Banker in *England* and *Wales* who, after the Tenth Day of *October* One thousand eight hundred and forty-four, shall issue Bank Notes, shall, on some One Day in every Week after the Nineteenth Day of *October* One thousand eight hundred and forty-four (such day to be fixed by the Commissioners of Stamps and Taxes) transmit to the said Commissioners an Account of the Amount of the Bank Notes of such Banker in circulation on every Day during the Week ending on the next preceding *Saturday*, and also an Account of the average Amount of the Bank Notes of such Banker in circulation during the same Week; and on completing the First Period of Four Weeks, and so on completing each successive Period of Four Weeks, every such Banker shall annex to such Account the average Amount of Bank Notes

of such Banker in circulation during the said Four Weeks, and also the Amount of Bank Notes which such Banker is authorised to issue under the Provisions of this Act; and every such Account shall be verified by the Signature of such Banker or his chief Cashier, or, in the Case of a Company or Partnership, by the Signature of a Managing Director or Partner or chief Cashier of such Company or Partnership, and shall be made in the Form to this Act annexed marked (B.); and so much of the said Return as states the weekly average Amount of the notes of such Bank shall be published by the said Commissioners in the next succeeding *London Gazette* in which the same may be conveniently inserted, and if any such Banker shall neglect or refuse to render any such Account in the Form and at the Time required by this Act, or shall at any Time render a false Account, such Banker shall forfeit the Sum of One hundred Pounds for every such offence.

XIX. And be it enacted, That for the purpose of ascertaining the monthly average Amount of Bank Notes of each Banker in circulation the aggregate of the Amount of Bank Notes of each such Banker in circulation on every Day of Business during the first complete Period of Four Weeks next after the Tenth Day of *October* One thousand eight hundred and forty-four, such Period ending on a *Saturday*, shall be divided by the Number of Days of Business in such Four Weeks, and the Average so ascertained shall be deemed to be the Average of Bank Notes of each such Banker in circulation during such Period of Four Weeks, and so in each successive Period of Four Weeks, and such Average is not to exceed the Amount certified by the Commissioners of Stamps and Taxes as aforesaid.

Mode of ascertaining the average amount of Bank Notes of each Banker in circulation during the first Four Weeks after 10th *October*, 1844.

XX. And whereas, in order to ensure the rendering of true and faithful Accounts of the Amount of Bank Notes in circulation as directed by this Act, it is necessary that the Commissioners of Stamps and Taxes should be empowered to cause the Books of Bankers issuing such Notes to be inspected, as herein-after mentioned: Be it therefore enacted, That all and every the Book and Books of any Banker who shall issue Bank Notes under the Provisions of this Act in which shall be kept, contained, or entered any Account, Minute, or Memorandum of or relating to the Bank Notes issued or to be issued by such Banker, or of or relating to the Amount of such Notes in circulation, from Time to Time, or any Account, Minute, or Memorandum, the Sight or Inspection whereof may tend to secure the rendering of true Accounts of the average Amount of such Notes in circulation,

Commissioners of Stamps and Taxes empowered to cause the Books of Bankers containing Accounts of their Bank Notes in circulation to be inspected.

as directed by this Act, or to test the Truth of any such Account, shall be open for the Inspection and Examination, at all seasonable Times, of any Officer of Stamp Duties authorised in that Behalf by Writing, signed by the Commissioners of Stamps and Taxes or any Two of them; and every such Officer shall be at liberty to take Copies of or Extracts from any such Book or Account as aforesaid; and if any Banker or other Person keeping any such Book, or having the Custody or Possession thereof, or Power to produce the same, shall, upon Demand made by any such Officer, showing (if required) his Authority in that Behalf, refuse to produce any such Book to such Officer for his Inspection and Examination, or to permit him to inspect and examine the same, or to take Copies thereof or Extracts therefrom, or of or from any such Account, Minute, or Memorandum as aforesaid kept, contained, or entered therein, every such Banker or other Person so offending shall for every such Offence forfeit the Sum of One hundred Pounds: Provided always, that the said Commissioners shall not exercise the Powers aforesaid without the Consent of the Commissioners of Her Majesty's Treasury.

Penalty for
refusing to
allow such
Inspection.

All Bankers to
return names
once a year to
the Stamp
Office.

XXI. And be it enacted, that every Banker in *England* and *Wales* who is now carrying on or shall hereafter carry on Business as such shall on the First Day of *January* in each Year, or within Fifteen Days thereafter, make a Return to the Commissioners of Stamps and Taxes at their Head Office in *London* of his Name, Residence, and Occupation, or in the Case of a Company or Partnership, of the Name, Residence, and Occupation of every Person composing or being a Member of such Company or Partnership, and also the Name of the Firm under which such Banker, Company, or Partnership carry on the Business of Banking, and of every Place where such Business is carried on; and if any such Banker, Company or Partnership shall omit or refuse to make such Return within Fifteen Days after the said First Day of *January*, or shall wilfully make other than a true Return of the Persons as herein required, every Banker, Company, or Partnership so offending shall forfeit and pay the Sum of Fifty Pounds; and the said Commissioners of Stamps and Taxes shall on or before the First Day of *March* in every Year publish in some Newspaper circulating within each Town or County respectively a Copy of the Return so made by every Banker, Company, or Partnership carrying on the Business of Bankers within such Town or County respectively, as the Case may be.

Bankers to take

XXII. And be it enacted, That every Banker who shall be

liable by Law to take out a Licence from the Commissioners of Stamps and Taxes to authorise the issuing of Notes or Bills shall take out a separate and distinct Licence for every Town or Place at which he shall by himself or his Agent, issue any Notes or Bills requiring such Licence to authorise the issuing thereof, anything in any former Act contained to the contrary thereof notwithstanding: Provided always, that no Banker who on or before the Sixth Day of *May* One thousand eight hundred and forty-four had taken out Four such Licences, which on the said last-mentioned Day were respectively in force, for the issuing of any such Notes or Bills at more than Four separate Towns or Places, shall at any Time hereafter be required to take out or to have in force at one and the same Time more than Four such Licences to authorise the issuing of such Notes or Bills at all or any of the same Towns or Places specified in such Licences in force on the said Sixth Day of *May* One thousand eight hundred and forty-four, and at which Towns or Places respectively such Bankers had on or before the said last-mentioned Day issued such Notes or Bills in pursuance of such Licences or any of them respectively.

out a separate Licence for every Place at which they issue Notes or Bills.

Proviso in favour of Bankers who had Four such Licences in force on the 6th of May, 1844.

XXIII. And whereas the several Bankers named in the Schedule hereto annexed marked (C.) have ceased to issue their own Bank Notes under certain Agreements with the Governor and Company of the Bank of *England*; and it is expedient that such Agreements should cease and determine on the Thirty-first Day of *December* next, and that such Bankers should receive by way of Compensation such Composition as hereafter mentioned; and a List of such Bankers, and a Statement of the maximum Sums in respect of which each such Banker is to receive Compensation, hath been delivered to the Commissioners of Stamps and Taxes, signed by the Chief Cashier of the Bank of *England*: Be it therefore enacted, That the several Agreements subsisting between the said Governor and Company and the several Bankers mentioned in the Schedule hereto relating to the Issue of Bank of *England* Notes, shall cease and determine on the Thirty-first Day of *December* next; and from and after that Day the said Governor and Company shall pay and allow to the several Bankers named in the Schedule hereto marked (C.), so long as such Bankers shall be willing to receive the same, a Composition at and after the Rate of One Pound *per Centum per Annum* on the average Amount of the Bank of *England* Notes issued by such Bankers respectively and actually remaining in circulation, to be ascertained as follows; (that is to say,) on some Day in the Month of *April* One thousand eight

Compensation to certain Bankers named in the Schedule.

hundred and forty-five, to be determined by the said Governor and Company, an Account shall be taken of the Bank of *England* Notes delivered to such Bankers respectively by the said Governor and Company within Three Months next preceding, and of such of the said Bank of *England* Notes as shall have been returned to the Bank of *England*, and the Balance shall be deemed to be the Amount of the Bank of *England* Notes issued by such Bankers respectively and kept in circulation; and a similar Account shall be taken at Intervals of Three Calendar Months; and the Average of the Balances ascertained on taking Four such Accounts shall be deemed to be the average Amount of Bank of *England* Notes issued by such Bankers respectively and kept in circulation during the Year One thousand eight hundred and forty-five, and on which Amount such Bankers are respectively to receive the aforesaid Composition of One *per Centum* for the year One thousand eight hundred and forty-five; and similar Accounts shall be taken in each succeeding Year; but in each Year such Accounts shall be taken in different Months from those in which the Accounts of the last preceding Year were taken, and on different Days of the Month, such Months and Days to be determined by the said Governor and Company; and the Amount of the Composition payable as aforesaid shall be paid by the said Governor and Company out of their own Funds; and in case any Difference shall arise between any of such Bankers and the Governor and Company of the Bank of *England* in respect of the Composition payable as aforesaid, the same shall be determined by the Chancellor of the Exchequer for the Time being, or by some Person to be named by him, and the Decision of the Chancellor of the Exchequer, or his Nominee, shall be final and conclusive: Provided always, that it shall be lawful for any Banker named in the Schedule hereto annexed marked (C.) to discontinue the Receipt of such Composition as aforesaid, but no such Banker shall by such Discontinuance as aforesaid thereby acquire any Right or Title to issue Bank Notes.

Bank of Eng-
land to be
allowed to
compound with
Issuing Banks.

XXIV. And be it enacted, That it shall be lawful for the said Governor and Company to agree with every Banker who, under the Provisions of this Act, shall be entitled to issue Bank Notes, to allow to such Banker a Composition at the Rate of One *per Centum per Annum* on the Amount of Bank of *England* Notes which shall be issued and kept in circulation by such Banker, as a Consideration for his Relinquishment of the Privilege of issuing his own Bank Notes; and all the Provisions herein contained for ascertaining and deter

mining the Amount of Composition payable to the several Bankers named in the Schedule hereto marked (C.) shall apply to all such other Bankers with whom the said Governor and Company are hereby authorised to agree as aforesaid; provided that the Amount of Composition payable to such Bankers as last aforesaid shall in every Case in which an Increase of Securities in the Issue Department shall have been authorised by any Order in Council be deducted out of the Amount payable by the said Governor and Company to the Public under the Provisions herein contained: Provided always, that the total Sum payable to any Banker, under the Provisions herein contained, by way of Composition as aforesaid, in any One Year, shall not exceed, in case of the Bankers mentioned in the Schedule hereto marked (C.), One *per Centum* on the several Sums set against the Names of such Bankers respectively in the List and Statement delivered to the Commissioners of Stamps as aforesaid, and in the Case of other Bankers shall not exceed One *per Centum* on the Amount of Bank Notes which such Bankers respectively would otherwise be entitled to issue under the Provisions herein contained.

Limitation of
Compositions.

XXV. And be it enacted, That all the Compositions payable to the several Bankers mentioned in the Schedule hereto marked (C.), and such other Bankers as shall agree with the said Governor and Company to discontinue the Issue of their own Bank Notes as aforesaid, shall, if not previously determined by the Act of such Banker as herein-before provided, cease and determine on the First Day of *August* One thousand eight hundred and fifty-six, or on any earlier Day on which Parliament may prohibit the Issue of Bank Notes.

Compositions
to cease on 1st
August, 1856.

XXVI. And be it enacted, That from and after the passing of this Act it shall be lawful for any Society or Company or any Persons in Partnership, though exceeding Six in Number, carrying on the Business of Banking in *London*, or within Sixty-five Miles thereof, to draw, accept, or endorse Bills of Exchange, not being payable to Bearer on Demand, anything in the herein-before recited Act passed in the Fourth Year of the Reign of His said Majesty King *William* the Fourth, or in any other Act, to the contrary notwithstanding.

Banks within
Sixty-five miles
of London may
accept, &c.,
Bills.

XXVII. And be it enacted, That the said Governor and Company of the Bank of *England* shall have and enjoy such exclusive Privilege of Banking as is given by this Act, upon such Terms and Conditions, and subject to the Termination thereof at such Time and in such Manner, as is by this Act

Bank to enjoy
privileges
subject to
redemption.

provided and specified; and all and every the Powers and Authorities, Franchises, Privileges, and Advantages, given or recognized by the said recited Act passed in the Fourth Year of the Reign of His Majesty King *William* the Fourth as belonging to or enjoyed by the said Governor and Company of the Bank of *England*, or by any subsequent Act or Acts of Parliament, shall be and the same are hereby declared to be in full Force and continued by this Act, except so far as the same are altered by this Act; subject nevertheless to Redemption upon the Terms and Conditions following; (that is to say,) at any Time upon Twelve Months' Notice to be given after the First Day of *August* One thousand eight hundred and fifty-five, and upon Repayment by Parliament to the said Governor and Company or their Successors of the Sum of Eleven million fifteen thousand and one hundred Pounds, being the Debt now due from the Public to the said Governor and Company, without any Deduction, Discount, or Abatement whatsoever, and upon Payment to the said Governor and Company and their Successors of all Arrears of the sum of One hundred thousand Pounds *per Annum*, in the last-mentioned Act mentioned, together with the Interest or Annuities payable upon the said Debt or in respect thereof, and also upon Repayment of all the Principal and Interest which shall be owing unto the said Governor and Company and their Successors upon all such Tallies, Exchequer Orders, Exchequer Bills, or Parliamentary Funds which the said Governor and Company or their Successors shall have remaining in their Hands or be entitled to at the Time of such Notice to be given as last aforesaid, then and in such Case, and not till then, the said exclusive Privileges of Banking granted by this Act shall cease and determine at the Expiration of such Notice of Twelve Months; and any Vote or Resolution of the House of Commons, signified under the Hand of the Speaker of the said House in Writing, and delivered at the public Office of the said Governor and Company, shall be deemed and adjudged to be a sufficient Notice.

Interpretation
Clause.

XXVIII. And be it enacted, That the Term "Bank Notes" used in this Act shall extend and apply to all Bills or Notes for the Payment of Money to the Bearer on Demand other than Bills or Notes of the Governor and Company of the Bank of *England*; and that the Term "Bank of *England* Notes" shall extend and apply to the Promissory Notes of the Governor and Company of the Bank of *England* payable to Bearer on Demand; and that the Term "Banker" shall extend and apply to all Corporations, Societies, Partnerships,

and Persons, and every individual Person carrying on the Business of Banking, whether by the Issue of Bank Notes or otherwise, except only the Governor and Company of the Bank of *England*; and that the Word "Person" used in this Act shall include Corporations; and that the Singular Number in this Act shall include the Plural Number, and the Plural Number the Singular, except where there is anything in the Context repugnant to such Construction; and that the Masculine Gender in this Act shall include the Feminine, except where there is anything in the Context repugnant to such Construction.

XXIX. And be it enacted, That this Act may be amended or repealed by any Act to be passed in the present Session of Parliament. Act may be amended.

SCHEDULES to which the Act refers.

SCHEDULE (A.)

BANK OF ENGLAND.

An Account pursuant to the Act 7 and 8 Vict. Cap. for the
 the Day of .

Issue Department.

£	£
Notes issued - - -	Government Debt -
	Other Securities. -
	Gold Coin and Bullion
	Silver Bullion - -
£	£

Dated the Day of 18 .

————— Cashier.

[To be annexed to this Account at the End of each Period of Four Weeks.]

Amount of Notes authorised by Law - £

Average Amount in circulation during the Four Weeks ending as above } £

I, being [the Banker, Chief Cashier, Managing Director, or Partner of the Bank, *as the case may be*], do hereby certify, That the above is a true Account of the Notes of the said Bank in circulation during the Week above written.

(Signed)

Dated the Day of 18 .

SCHEDULE (C.)

Banks which have ceased to issue their own Bank Notes under certain Agreements with the Governor and Company of the Bank of England.

Bank of Liverpool.

J. Barned & Co.

Biddulph, Brothers, & Co.

Birmingham Banking Company.

Birmingham Town and District Bank.

Birmingham and Midland Banking Company.

Burgess and Son.

Coopers and Purton.

Cunliffes, Brookes, & Co.

Deane, Littlehales, and Deane.

Dendy, Comper, & Co.

Devon and Cornwall Banking Company.

Grants and Gillman.

Hampshire Banking Company.

James W. R. Hall.

J. M. Head & Co.

Henty, Upperton, and Olliver.

Thomas Kinnersly and Sons.

R. J. Lambton & Co.

Liverpool Commercial Banking Company.

Liverpool Union Bank.

Liverpool Borough Bank.

Manchester and Liverpool District Banking Company.

Manchester and Salford Banking Company.

Monmouth and Glamorgan Banking Company.
Moss & Company,
Mangles, Brothers,
Newcastle Commercial Banking Company.
Newcastle-on-Tyne Joint Stock Banking Company,
North of England Joint Stock Banking Company,
Northumberland and Durham District Bank,
Portsmouth and South Hants Banking Company,
T. and R. Raikes & Co.
Robinson and Brodhurst.
Sheffield Union Bank.
John Stoveld.
Sunderland Joint Stock Banking Company.
Tugwell & Co.
Union Bank of Manchester.
Vivian, Kitson & Co.
Watts, Whiteway & Co.
J. and J. C. Wright & Co.
Webb, Holbrook, and Spencer.

ANNO OCTAVO & NONO
VICTORIÆ REGINÆ.

C A P. XXXVII.

An Act to regulate the Issue of Bank Notes in
Ireland, and to regulate the Repayment of
certain Sums advanced by the Governor and
Company of the Bank of *Ireland* for the
Public Service. [21st July 1845.]

WHEREAS by an Act passed in the Parliament of
Ireland in the Twenty-first and Twenty-second Years
of the Reign of His Majesty King *George* the Third, intituled
An Act for establishing a Bank by the Name of the Governors
and Company of the Bank of Ireland, it was amongst other
things enacted, that from and after the passing of that Act
it should not be lawful for any Body Politic or Corporate
erected or to be erected, other than the Corporation thereby
intended to be created and erected into a National Bank, or
for any other Persons whatsoever united or to be united in
Covenants or Partnership exceeding the Number of Six
Persons, to borrow, owe, or take up any Sum or Sums of
Money on their Bills or Notes payable at Demand, or at any
less Time than Six Months from the borrowing thereof, under
a Penalty or Forfeiture by such Persons, Bodies Politic or
Corporate, of treble the Sum or Sums so to be borrowed or
taken upon such Bill or Bills, Note or Notes, one Moiety
thereof to be paid to the Informer, and the other to the Use
of His Majesty, His Heirs and Successors, to be recovered
by Action of Debt, Bill, Plaint or Information in any of His
Majesty's Courts of Record at *Dublin*: And whereas, in
pursuance of the Powers in the said Act of Parliament con-

21 & 22 Geo 3,
(1).

1 & 2 Geo. 4,
c. 72.

6 Geo. 4, c. 42.

11 Geo. 4, &
1 Will. 4, c. 32.

tained, a Charter of Incorporation was granted to certain Persons, by the Name of the Governor and Company of the Bank of *Ireland*: And whereas by an Act passed in the First and Second Years of the Reign of His Majesty King *George* the Fourth, intituled *An Act to establish an Agreement with the Governor and Company of the Bank of Ireland for advancing the Sum of Five hundred thousand Pounds Irish Currency, and to empower the said Governor and Company to enlarge the Capital Stock or Fund of the said Bank to Three million Pounds*, it was enacted, that it might be lawful for any Number of Persons in *Ireland* united or to be united in Society or Partnership, and residing and having their Establishments in Houses of Business at any Place not less than Fifty Miles distant from *Dublin*, to borrow, owe, or take up any Sum or Sums of Money on their Bills or Notes payable on Demand, and to make and issue such Notes or Bills accordingly, payable on Demand at any Place in *Ireland* exceeding the Distance of Fifty Miles from *Dublin*, all the Individuals composing such Societies or Partnerships being liable and responsible for the due Payment of such Bills or Notes; but nothing therein contained was to extend or be construed to extend to authorise any Persons exceeding Six in Number, or any Bodies Politic or Corporate, residing or having their Establishment or House of Business within the Distance of Fifty Miles from *Dublin*, to make or issue any Bill or Bills of Exchange, or any Promissory Note or Notes, contrary to the Provisions of the said in part recited Act of the Twenty-first and Twenty-second Years of the Reign of King *George* the Third: And whereas by another Act passed in the Sixth Year of the Reign of His Majesty King *George* the Fourth, intituled *An Act for the better Regulation of Copartnerships of certain Bankers in Ireland*, and by another Act passed in the First Year of the Reign of His late Majesty King *William* the Fourth, intituled *An Act to explain Two Acts of His present Majesty, for establishing an Agreement with the Governor and Company of the Bank of Ireland for advancing the Sum of Five hundred thousand Pounds Irish Currency and for the better Regulation of Copartnerships of certain Bankers in Ireland*, such Copartnerships of Bankers established at Places beyond the Distance of Fifty Miles from *Dublin* were authorised to transact certain Matters of Business by Agents in *Dublin* or within the Distance of Fifty Miles thereof: And whereas the said Governor and Company at different Times advanced, for the Public Service, to His Majesty King *George* the Third, the several Sums of Six hundred thousand Pounds, Five hundred thousand Pounds, and One million two hundred and fifty thousand

Pounds, late *Irish* Currency, and in respect thereof the said Governor and Company were entitled to certain annuities payable at the Receipt of the Exchequer in *Dublin*: And whereas by an Act passed in the Forty-eighth Year of the Reign of His said Majesty King *George* the Third, intituled *An Act for further extending the Provisions of several Acts for establishing the Bank of Ireland, and for empowering the Governor and Company of the said Bank to advance the Sum of One million two hundred and fifty thousand Pounds Irish Currency towards the Service of the Year One thousand eight hundred and eight*, it was amongst other things enacted, that at any Time after the First Day of *January* in the Year of our Lord One thousand eight hundred and thirty-seven, upon Twelve Months' Notice, to be published in the *Dublin Gazette* by Order of the Lord Lieutenant or other Chief Governor or Governors of *Ireland*, the said Corporation of the Bank was to be dissolved; and upon Repayment by Parliament to the said Governor and Company of the Bank of *Ireland*, or their Successors, of the said several Sums of Six hundred thousand Pounds, Five hundred thousand Pounds, and One million two hundred and fifty thousand Pounds, and also of all Arrears of the several Annuities payable in respect of the said Three several Capital Sums, if any such Arrear should then be due, or at any Time previous to the said First Day of *January* One thousand eight hundred and thirty-seven, upon like Repayment, by and with the Desire and Consent of the said Governor and Company, to be signified by them by their Petition in Writing sealed with their Common Seal, and addressed to the Lord Lieutenant or other Chief Governor or Governors of *Ireland* for the time being, then and in such case the said several Annuities should from and after the Expiration of Twelve Months after such Notice published, cease and determine, and the said Corporation should be dissolved: And whereas in pursuance of the said recited Act passed in the First and Second Years of the Reign of His Majesty King *George* the Fourth, intituled *An Act to establish an Agreement with the Governor and Company of the Bank of Ireland for advancing the Sum of Five hundred thousand Pounds Irish Currency, and to empower the said Governor and Company to enlarge the Capital Stock or Fund of the said Bank to Three Millions*, the said Governor and Company of the Bank of *Ireland* advanced for the Public Service, to His Majesty King *George* the Fourth, the Sum of Five hundred thousand Pounds late *Irish* Currency, at Interest, making, with the said Three several Sums of Six hundred thousand Pounds, Five hundred thousand

48 Geo. 3, c. 103,
s. 10.

1 & 2 Geo. 4,
c. 72.

3 & 4 Vict. c. 75.

Pounds, and One million two hundred and fifty thousand Pounds, late *Irish* Currency, previously advanced, the Sum of Two million eight hundred and fifty thousand Pounds, equal to Two million six hundred and thirty thousand seven hundred and sixty-nine Pounds Four Shillings and Eight-pence Sterling Money of the United Kingdom of *Great Britain* and *Ireland*: And whereas by an Act passed in the Third and Fourth Years of the Reign of Her present Majesty, intituled *An Act to regulate the Repayment of certain Sums advanced by the Governor and Company of the Bank of Ireland for the Public Service*, it was amongst other things enacted, that from and after the passing of the said Act there should be paid and payable, but subject to the Condition of Redemption therein-after contained, at the Receipt of Her Majesty's Exchequer in *Dublin*, to the Governor and Company of the said Bank of *Ireland*, out of the Consolidated Fund of the United Kingdom of *Great Britain* and *Ireland*, an Interest or Annuity of One hundred and fifteen thousand three hundred and eighty-four Pounds Twelve Shillings and Four-pence, Money of the United Kingdom, being a Sum equal to the several Annuities and Interest theretofore payable in respect of the Principal Money due to the said Governor and Company as aforesaid, by Two equal half-yearly Payments, without any Defalcation or Abatement, on the Fifth Day of *January* and the Fifth Day of *July* in each Year, the first Payment of the said Interest or Annuity to be made on the Fifth Day of *January* in the Year One thousand eight hundred and forty-one; and it was by the last-mentioned Act further provided, that the said last-mentioned Annuity should be redeemable at any Time after the First Day of *January* One thousand eight hundred and forty-one, on Six Months' Notice to the said Governor and Company, and on Repayment to them of the said several Sums of Six hundred thousand Pounds, Five hundred thousand Pounds, One million two hundred and fifty thousand Pounds, and Five hundred thousand Pounds, late *Irish* Currency, together with all Arrears of the said Annuity of One hundred and fifteen thousand three hundred and eighty-four Pounds Twelve Shillings and Four-pence: And whereas the last-mentioned Annuity has, by Consent of the said Governor and Company, been reduced to an Annuity of Ninety-two thousand and seventy-six Pounds Eighteen Shillings and Five-pence of *British* Currency: And whereas it is expedient that the exclusive Privilege of Banking granted to the said Governor and Company by the said recited Act of the Parliament of *Ireland*, or by any other Act or Acts of Parliament now in force, should cease, but that the said Governor and Company should continue

a Corporation, with full Power and Authority to carry on the Business of Bankers, subject to the Regulations hereinafter contained; and the said Governor and Company of the Bank of *Ireland* have agreed to continue the Management in *Ireland* of so much of the Public Debt of the United Kingdom as shall for the Time being require to be transacted in *Ireland*, and of all Loans and other Creations of Stock which shall at any Time be made in *Ireland*, and of any Public Annuities for Lives or for Years which may be payable in *Ireland*, free of all Charge and Expense whatever for such Management, or for their Trouble in the Payment of the Interest of the said Public Debt or Annuities from Time to Time during the Continuance of the said Corporation under the Provisions of this Act; and it hath been further agreed that the said Governor and Company shall continue to receive the said Annuity of Ninety-two thousand and seventy-six Pounds Eighteen Shillings and Five-pence, being an annual Interest at and after the Rate of Three and a Half *per Centum per Annum*, for and in respect of the said Capital Sum of Two million six hundred and thirty thousand seven hundred and sixty-nine Pounds Four Shillings and Eight-pence, and that the Repayment of the last-mentioned Sum shall be postponed till the Expiration of Six Months after Notice to be given by the Commissioners of Her Majesty's Treasury of the United Kingdom of *Great Britain and Ireland* to the said Governor and Company of their Intention to pay off the same, or by the said Governor and Company to the said Commissioners of Her Majesty's Treasury requiring Payment thereof, such Notice not to be given by either Party before the First Day of *January* One thousand eight hundred and fifty-five: And whereas by an Act passed in the Seventh and Eighth Years of the Reign of Her Majesty, intituled *An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain Privileges for a limited Period*, it was enacted, that from and after the passing of that Act no Person, other than a Banker who on the Sixth Day of *May* One thousand eight hundred and forty-four was lawfully issuing his own Bank Notes, should make or issue Bank Notes in any Part of the United Kingdom: And whereas it is expedient to regulate the Issue of Bank Notes by the said Governor and Company of the Bank of *Ireland*, and by such other Bankers as are now by Law authorised to issue Bank Notes in *Ireland*: Be it therefore enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the

7 & 8 Vict.
c. 32, s. 10.

Restriction on Bankers by 21 & 22 Geo. 3, (Ireland) repealed.

Authorising certain Banking Co-partnerships to carry on business in Dublin or within 50 miles thereof.

Interest at the rate of Three and a Half per Centum per Annum made payable to the Bank.

same, That from and after the Sixth Day of *December* One thousand eight hundred and forty-five so much of the said recited Act of the Parliament of *Ireland* of the Twenty-first and Twenty-second Years of the Reign of His Majesty King *George* the Third as prohibits any Body Politic or Corporate erected or to be erected, other than the Governor and Company of the Bank of *Ireland*, or for any other Persons whatsoever united or to be united in Covenants or Partnership exceeding the Number of Six Persons, to borrow, owe, or take up any Sum or Sums of Money on their Bills or Notes payable at Demand, or at any less Time than Six Months from the borrowing thereof, shall be and the same is hereby repealed; and that from and after the said Sixth Day of *December* One thousand eight hundred and forty-five it shall and may be lawful for any Persons exceeding Six in Number united or to be united in Societies or Partnerships, or for any Bodies Politic or Corporate, to transact or carry on the Business of Bankers in *Ireland* at *Dublin*, and at every Place within Fifty Miles thereof, as freely as Persons exceeding Six in Number united as aforesaid may lawfully carry on the same Business at any Place in *Ireland* beyond the Distance of Fifty Miles from *Dublin*: Provided always, that every Member of any such Society, Partnership, Bodies Politic or Corporate, shall be liable and responsible for the due Payment of all the Debts and Liabilities of the Corporation or Copartnership of which such Person shall be a Member, any Agreement, Covenant, or Contract to the contrary notwithstanding.

II. And be it enacted, That from and after the passing of this Act the Repayment of the said Sum of Two million six hundred and thirty thousand seven hundred and sixty-nine Pounds Four Shillings and Eight-pence shall be and the same is hereby made chargeable upon the Consolidated Fund of the United Kingdom of *Great Britain* and *Ireland* until Parliament shall otherwise provide, and there shall be paid and payable, but subject to the Condition of Redemption herein-after contained, at the Receipt of Her Majesty's Exchequer in *Dublin*, to the Governor and Company of the said Bank of *Ireland*, out of the Consolidated Fund of the United Kingdom of *Great Britain* and *Ireland*, in respect of the said Capital Sum of Two million six hundred and thirty thousand seven hundred and sixty-nine Pounds Four Shillings and Eight-pence so now due by the Public to the said Governor and Company, the aforesaid Annuity of Ninety-two thousand and seventy-six Pounds Eighteen Shillings and Five-pence, being an Interest or Annuity at and after the Rate of Three

Pounds Ten Shillings *per Centum per Annum*, in the now lawful Currency of the United Kingdom, by Two equal half-yearly Payments, without any Defalcation or Abatement, on the Fifth Day of *January* and the Fifth Day of *July* in each Year.

III. And be it enacted, That from and after the passing of this Act the said Governor and Company of the Bank of *Ireland* shall from Time to Time and at all Times during the Continuance of their Charter, and until the said Corporation shall be dissolved pursuant to the Provisions of this Act, continue to manage and to pay all Interest, Annuities, and Dividends payable at the said Bank in respect of such Part of the Public Debt as shall for the Time being require to be transacted in *Ireland*, or in respect of any Fund or Stock created or to be created in consequence of any Public Loan, or funding of Exchequer Bills, or Conversion of Stock in *Ireland*, or of any Public Annuities, whether for Lives or for Years, without making any Charge to Her Majesty, Her Heirs or Successors, or to the Lord High Treasurer or the Commissioners of Her Majesty's Treasury, for their Trouble or Expense in so doing, any Law, Usage, or Custom to the contrary notwithstanding.

Bank shall manage the Public Debt of *Ireland*, and pay Dividends without Expense to Government.

IV. And be it enacted, That at any Time after the First Day of *January* which will be in the Year of our Lord One thousand eight Hundred and fifty-five, upon Twelve Months Notice, to be published in the *Dublin Gazette* by Order of the Lord Lieutenant or other Chief Governor or Governors of *Ireland*, that the said Corporation of the Bank is to be dissolved, and upon Repayment by Parliament to the said Governor and Company of the Bank of *Ireland*, or their Successors, of the said Sum of Two million six hundred and thirty thousand seven hundred and sixty-nine Pounds Four Shillings and Eight-pence, together with all Arrears of Interest or Annuity due in respect thereof, then and in such Case the said Interest or Annuity shall from and after the Expiration of Twelve Months after such Notice published, cease and determine, and the said Corporation shall be dissolved.

Bank Corporation may be dissolved on Notice after 1st of January, 1855.

V. And whereas by an Act passed in the Parliament of *Ireland* in the Thirty-third Year of His late Majesty King George the Second, intituled *An Act for repealing an Act passed in this Kingdom in the Eighth Year of the Reign of King George the First, intituled 'An Act for the better securing the Payment of Bankers Notes, and for providing a more effectual Remedy for the Security and Payment of Debts due by Bankers,'* it was

Repeal of so much of 33 Geo. 2. c. 14. s. 15 (I.) as prohibits Public Officers from being Partners in Banks.

among other things enacted, that no Person who by reason of any Office, Employment, Deputation, or Clerkship was then or should at any Time thereafter be entrusted with the Receipt, Custody or Payment of Public Money, or any Part of the Public Revenue of that Kingdom, should, either singly or in Partnership, so long as such Person should continue in such Office, Employment, Deputation, or Clerkship, follow the Trade or Business of a Banker, or by himself, or by any Person authorised by him, issue or give any Note or accountable Receipt as a Banker or in Partnership with any Banker, or for Profit or Reward discount any Promissory Note, or Foreign or Inland Bill of Exchange: And whereas it is expedient to repeal the said Enactment; be it therefore enacted, That from and after the passing of this Act so much of the last-mentioned Act as is herein recited shall be and the same is hereby repealed.

Bank of England Notes not a legal Tender in Ireland.

VI. And whereas by an Act passed in the Third and Fourth Years of the Reign of His late Majesty King *William* the Fourth, intituled *An Act for giving to the Corporation of the Governor and Company of the Bank of England certain Privileges for a limited Period, under certain Conditions*, it was enacted, that from and after the First Day of *August* One thousand eight hundred and thirty-four, unless and until Parliament should otherwise direct, a Tender of a Note or Notes of the Governor and Company of the Bank of *England* expressed to be payable to Bearer on Demand should be a legal Tender to the Amount expressed in such Note or Notes, and should be taken to be valid as a Tender to such Amount for all Sums above Five Pounds, on all Occasions on which any Tender of Money may be legally made, so long as the Bank of *England* should continue to pay on Demand their said Notes in legal coin; provided always, that no such Note or Notes should be deemed a legal Tender of Payment by the Governor and Company of the Bank of *England*, or any Branch Bank of the said Governor and Company: And whereas Doubts have arisen as to the Extent of the said Enactment; for Removal whereof, be it enacted and declared, That nothing in the said last-recited Act contained shall extend or be construed to extend to make the Tender of a Note or Notes of the Governor and Company of the Bank of *England* a legal Tender in *Ireland*: Provided also, that nothing in this Act shall be construed to prohibit the Circulation in *Ireland* of the Notes of the Governor and Company of the Bank of *England* as heretofore.

Proviso.

Oaths to be taken by

VII. And be it enacted, That from and after the passing

Directors, &c.,
of the Bank of
Ireland.

of this Act it shall not be necessary for any Governor, Deputy Governor, or Director of the said Bank, before acting in the said several Offices or Trusts, to make and subscribe the Declaration pursuant to the Act of Parliament passed in the Kingdom of *Ireland*, intituled, *An Act to prevent the further Growth of Popery*, nor to take any other Oaths than the Oath of Allegiance, the Oath of Qualification by Possession of Stock, and the Oath of Fidelity to the Corporation prescribed in and by the Charter of Incorporation of the Governor and Company of the said Bank, and that it shall not be necessary for any Member of the said Corporation, before voting in any General Court, to make and subscribe the aforesaid Declaration, nor to take any other Oaths than the Oaths of Allegiance, the Oath of Qualification by the Possession of Stock, and the Oath of Fidelity to the said Corporation provided in the said Charter of Incorporation: Provided always, that in case any of the Persons called Quakers shall at any Time be chosen Governor, Deputy Governor, or Director, or shall be or become a Member of the said Corporation, it shall be sufficient for such Person or Persons to make his or their solemn Affirmation, to the Purport and Effect of the Oaths prescribed by the said Charter and by this Act to be taken by Governors, Deputy Governors, Directors, or Members respectively of the said Corporation.

VIII. And be it enacted, That every Banker claiming to be entitled to issue Bank Notes in *Ireland* shall, within One Month next after the passing of this Act, give Notice in Writing to the Commissioners of Stamps and Taxes, at their head Office in *London*, of such Claim, and of the Place and Name and Firm at and under which such Banker has issued such Notes in *Ireland* during the Year next preceding the First Day of *May* One thousand eight hundred and forty-five and thereupon the said Commissioners shall ascertain if such Banker was on the Sixth Day of *May* One thousand eight hundred and forty-four, and from thence up to the First Day of *May* One thousand eight hundred and forty-five, carrying on the Business of a Banker, and lawfully issuing his own Bank Notes in *Ireland*, and if it shall so appear, then the said Commissioners shall proceed to ascertain the average Amount of the Bank Notes of such Banker which were in Circulation during the said Period of one Year preceding the First Day of *May* One thousand eight hundred and forty-five, according to the Returns made by such Banker in pursuance of the Act passed in the Fourth and Fifth Years of the Reign of Her present Majesty, intituled *An Act to make further Provisions relative to the Returns to be made by Banks of the*

Bankers claiming to be entitled to issue Bank Notes to give Notice to Commissioners of Stamps and Taxes.

Commissioners to certify existing Banks or Issue and Limitation of Issue.

Amount of their Notes in Circulation, and the said Commissioners, or any Two of them, shall certify under their Hands to such Banker the average Amount, when so ascertained as aforesaid, omitting the Fractions of a Pound, if any; and it shall be lawful for every such Banker to continue to issue his own Bank Notes after the Sixth Day of *December* One thousand eight hundred and forty-five, to the Extent of the Amount so certified, and of the Amount of the Gold and Silver Coin held by such Banker, in the Proportion and Manner herein-after mentioned, but not to any further Extent; and from and after the Sixth Day of *December* One thousand eight hundred and forty-five it shall not be lawful for any Banker to make or issue Bank Notes in *Ireland*, save and except only such Bankers as shall have obtained such Certificate from the Commissioners of Stamps and Taxes.

Prohibiting
Issue by
uncertified
Bankers.

Provision for
united Banks.

IX. Provided always, and be it enacted, That if it shall be made to appear to the Commissioners of Stamps and Taxes that any Two or more Banks have, by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners), become united within the Year next preceding such First Day of *May* One thousand eight hundred and forty five, it shall be lawful for the said Commissioners to ascertain the average Amount of the Notes of each such Bank in the Manner herein-before directed, and to certify a Sum equal to the average Amount of the Notes of the Two or more Banks so united as the Amount which the united Bank shall thereafter be authorised to issue, subject to the Regulations of this Act.

Duplicate of
Certificate to
be published
in the Gazette.

Gazette to be
evidence.

X. And be it enacted, That the Commissioners of Stamps and Taxes shall, at the Time of certifying to any Banker such Particulars as they are herein-before required to certify, also publish a Duplicate of their Certificate thereof in the next succeeding *Dublin Gazette* in which the same may be conveniently inserted; and the Gazette in which such Publication shall be made shall be conclusive Evidence in all Courts whatsoever of the Amount of Bank Notes which the Banker named in such Certificate or Duplicate is by Law authorised to issue and to have in Circulation as aforesaid, exclusive of an Amount equal to the monthly average Amount of the Gold and Silver Coin held by such Banker as herein provided.

In case Banks
become united,
Commissioners
to certify the
Amount of
Bank Notes

XI. And be it enacted, That in case it shall be made to appear to the Commissioners of Stamps and Taxes at any Time hereafter that any Two or more Banks have, by written Contract or Agreement (which Contract or Agreement shall

be produced to the said Commissioners), become united subsequently to the passing of this Act, it shall be lawful to the said Commissioners, upon the Application of such united Bank, to certify, in manner herein-before mentioned, the Aggregate of the Amount of Bank Notes which such separate Banks were previously authorised to issue under the separate Certificates previously delivered to them, and so from Time to Time; and every such Certificate shall be published in manner herein-before directed; and from and after such Publication the Amount therein stated shall be and be deemed to be the Limit of the Amount of Bank Notes which such united Bank may have in Circulation, exclusive of an Amount equal to the monthly average Amount of the Gold and Silver Coin held by such Banker as herein provided.

which each Bank was authorized to issue.

XII. And be it enacted, That it shall be lawful for any Banker in *Ireland* who under the provisions of this Act is entitled to issue Bank Notes to contract and agree with the Governor and Company of the Bank of *Ireland*, by an Agreement in Writing, for the Relinquishment of the Privilege of issuing such Notes in favour of the said Governor and Company, and in each such Case a Copy of such Agreement shall be transmitted to the Commissioners of Stamps and Taxes; and the said Commissioners shall thereupon certify, in manner herein-before mentioned, the Aggregate of the Amount of Bank Notes which the Bank of *Ireland* and the Banker with whom such Agreement shall have been made were previously authorised to issue under the separate Certificates previously delivered to them; and every such Certificate shall be published in manner herein-before directed; and from and after such Publication the Amount therein stated shall be the Limit of the Amount of Bank Notes which the Governor and Company of the Bank of *Ireland* may have in Circulation exclusive of an Amount equal to the Amount of the Gold and Silver Coin held by the Bank of *Ireland* as herein provided.

Banks entitled to the privilege of issuing Notes may relinquish the same;

XIII. And be it enacted, That it shall not be lawful for any Banker who shall have so agreed to relinquish the Privilege of issuing Bank Notes at any Time thereafter to issue any such Notes.

but not resume the Issue.

XIV. And be it enacted, That from and after the Sixth Day of *December* One thousand eight hundred and forty-five it shall not be lawful for any Banker in *Ireland* to have in Circulation, upon the Average of a Period of Four Weeks, to be ascertained as herein-after mentioned, a greater Amount of Notes than an Amount composed of the Sums certified by

Limitation of Bank Notes in Circulation.

the Commissioners of Stamps and Taxes as aforesaid, and the monthly average Amount of Gold and Silver Coin held by such Banker during the same Period of Four Weeks, to be ascertained in manner herein-after mentioned.

Issue of Notes
for Fractional
Parts of a
Pound pro-
hibited.

XV. And be it enacted, That all Bank Notes to be issued or re-issued in *Ireland* after the Sixth Day of *December* One thousand eight hundred and forty-five shall be expressed to be for Payment of a Sum in Pounds Sterling, without any fractional Parts of a Pound; and if any Banker in *Ireland* shall from and after that Day make, sign, issue, or re-issue any Bank Note for the fractional Part of a Pound Sterling, or for any Sum together with the fractional Part of a Pound Sterling, every such Banker so making, signing, issuing, or re-issuing any such Note as aforesaid shall for each Note so made, signed, issued, or re-issued forfeit or pay the Sum of Twenty Pounds.

Issuing Banks
to render
Accounts
weekly.

XVI. And be it enacted, That every Banker who after the Sixth Day of *December* One thousand eight hundred and forty-five shall issue Bank Notes in *Ireland* shall, on some one Day in every Week after the Thirteenth Day of *December* One thousand eight hundred and forty-five (such Day to be fixed by the Commissioners of Stamps and Taxes), transmit to the said Commissioners a just and true Account of the Amount of Bank Notes of such Banker in Circulation at the Close of the Business on the next preceding *Saturday*, distinguishing the Notes of Five Pounds and upwards, and the Notes below Five Pounds, and also an Account of the total Amount of Gold and Silver Coin held by such Banker at each of the head Offices or principal Places of Issue in *Ireland* of such Banker at the Close of Business on each Day of the Week ending on that *Saturday*, and also an Account of the total Amount of Gold and Silver Coin in *Ireland* held by such Banker at the Close of Business on that Day; and on completing the first Period of Four Weeks, and so on completing each successive Period of Four Weeks, every such Banker shall annex to such Account the average Amount of Bank Notes of such Banker in Circulation during the said Four Weeks, distinguishing the Bank Notes of Five Pounds and upwards, and the Notes below Five Pounds and the average Amount of Gold and Silver Coin respectively held by such Banker at each of the head Offices or Principal Places of Issue in *Ireland* of such Banker during the said Four Weeks, and also the Amount of Bank Notes which such Banker is, by the Certificate published as aforesaid, authorised to issue under the Provisions of this Act; and every such Account shall be verified by the Signa-

ture of such Banker or his Chief Cashier, or in the Case of a Company or Partnership by the Signature of the Chief Cashier or other Officer duly authorized by the Directors of such Company or Partnership, and shall be made in the Form to this Act annexed marked (A.); and if any such Banker shall neglect or refuse to render any such Account in the Form and at the Time required by this Act, or shall at any Time render a false Account, such Banker shall forfeit the Sum of One hundred Pounds for such every such Offence.

XVII. And be it enacted, That all Bank Notes shall be deemed to be in Circulation from the Time the same shall have been issued by any Banker, or any Servant or Agent of such Banker, until the same shall have been actually returned to such Banker, or some Servant or Agent of such Banker.

What shall be deemed to be Bank Notes in Circulation.

XVIII. And be it enacted, That from the Returns so made by each Banker to the Commissioners of Stamps and Taxes the said Commissioners shall, at the End of the first Period of Four Weeks after the said Sixth Day of *December* One thousand eight hundred and forty-five, and so at the End of each successive Period of Four Weeks, make out a general Return in the Form to this Act annexed marked (B.) of the monthly average Amount of Bank Notes in Circulation of each Banker in *Ireland* during the last preceding Four Weeks, and of the average Amount of all the Gold and Silver Coin held by such Banker during the same Period, and certifying, under the Hand of any Officer of the said Commissioners duly authorised for that Purpose in the Case of each such Banker, whether such Banker has held the Amount of Coin required by Law during the Period to which the said Return shall apply, and shall publish the same in the next succeeding *Dublin Gazette* in which the same can be conveniently inserted.

Commissioners of Stamps to make a monthly Return.

XIX. And be it enacted, That for the Purpose of ascertaining the monthly average Amount of Bank Notes of each Banker in Circulation, the Aggregate of the Amount of Bank Notes of each such Banker in Circulation at the Close of the Business on the *Saturday* in each Week during the first complete Period of Four Weeks next after the Sixth Day of *December* One thousand eight hundred and forty-five shall be divided by the Number of Weeks, and the Average so ascertained shall be deemed to be the Average of Bank Notes of each such Banker in Circulation during such Period of Four Weeks, and so in each successive Period of Four Weeks; and the monthly average Amount of Gold and Silver Coin respectively held as aforesaid by such Banker shall be

Mode of ascertaining the average Amount of Bank Notes of each Banker in Circulation, and Gold Coin, during the first Four Weeks after the 6th day of *December*, 1845.

ascertained in like Manner from the Amount of Gold and Silver Coin held by such Banker at the head Offices or principal Places of Issue of such Banker in *Ireland*, as after mentioned, at the Close of Business on such Day in each Week; and the monthly average Amount of Bank Notes of each such Banker in Circulation during any such Period of four Weeks is not to exceed a Sum made up by adding the Amount certified by the Commissioners of Stamps and Taxes as aforesaid and the monthly average Amount of Gold and Silver Coin held by such Banker as aforesaid during the same Period.

What shall be taken in the Account of Coin held by any Banker.

XX. And be it enacted, That in taking account of the Coin held by any Banker in *Ireland* with respect to which Bank Notes to a further Extent than the Sum certified as aforesaid by the Commissioners of Stamps and Taxes may, under the Provisions of this Act, be made and issued, there shall be included only the Gold and Silver Coin held by such Banker at the several head Offices or principal Places of Issue in *Ireland* of such Banker, such head Offices or principal Places of Issue not exceeding Four in Number, of which not more than Two shall be situated in the same Province; and every Banker shall give Notice in Writing to the said Commissioners, on or before the Sixth Day of *December* next, of such head Offices or principal Places of Issue at which the Account of Gold and Silver Coin held by him is to be taken as aforesaid; and no Amount of Silver Coin exceeding One Fourth Part of the Gold Coin held by such Banker as aforesaid shall be taken into account, nor shall any Banker be authorised to make and issue Bank Notes in *Ireland* on any Amount of Silver Coin held by such Banker exceeding the Proportion of One Fourth Part of the Gold Coin held by such Banker as aforesaid.

Silver Coin not to exceed the Proportion of One Quarter of Gold.

Commissioners of Stamps and Taxes empowered to cause the books of Bankers, containing Accounts of their Bank Notes in Circulation, and of Gold Coin to be inspected.

XXI. And whereas in order to ensure the rendering of true and faithful Accounts of the Amount of Bank Notes in Circulation, and the Amount of Gold and Silver Coin held by each Banker, as directed by this Act, it is necessary that the Commissioners of Stamps and Taxes should be empowered to cause the Books of Bankers issuing such Notes, and the Amount of Gold and Silver Coin held by such Bankers as aforesaid, to be inspected as herein-after mentioned; be it therefore enacted, That all and every the Book and Books of any Banker who shall issue Bank Notes under the Provisions of this Act, in which shall be kept, contained, or entered any Account, Minute, or Memorandum of or relating to the Bank Notes issued or to be issued by such Bank, of or relating to the Amount of such Notes in Circula-

tion from Time to Time, or of or relating to the Gold or Silver Coin held by such Banker from Time to Time, or any Account, Minute, or Memorandum the Sight or Inspection whereof may tend to secure the rendering of true Accounts of the average Amount of such Notes in Circulation and Gold or Silver Coin held as directed by this Act, or to test the Truth of any such Account, shall be open for the Inspection and Examination at all seasonable Times of any Officer of Stamp Duties authorised in that Behalf by Writing signed by the Commissioners of Stamps and Taxes, or any Two of them; and every such Officer shall be at liberty to take Copies of or Extracts from any such Book or Accounts as aforesaid, and to inspect and ascertain the Amount of any Gold or Silver Coin held by such Banker; and if any Banker or other Person keeping any such Book, or having the Custody or Possession thereof or Power to produce the same, shall, upon Demand made by any such Officer showing (if required) his Authority in that Behalf, refuse to produce any such Book to such Officer for his Inspection and Examination, or to permit him to inspect and examine the same, or to take Copies thereof or Extracts therefrom, or of or from any such Account, Minute, or Memorandum as aforesaid, kept, contained, or entered therein, or if any Banker or other Person having the Custody or Possession of any Coin belonging to such Banker shall refuse to permit or prevent the Inspection of such Gold and Silver Coin as aforesaid, every such Banker or other Person so offending shall for every such Offence forfeit the Sum of One hundred Pounds: Provided always, that the said Commissioners shall not exercise the Powers aforesaid without the Consent of the Commissioners of Her Majesty's Treasury.

Penalty for
refusing to
allow such
Inspection.

XXII. And be it enacted, That every Banker in *Ireland*, other than the Bank of *Ireland*, who is now carrying on or shall hereafter carry on Business as such, shall, on the First Day of *January* in each Year, or within Fifteen Days thereafter, make a Return to the Commissioners of Stamps and Taxes, at their Office in *Dublin*, of his Name, Residence, and Occupation, or, in the Case of a Company or Partnership, of the Name, Residence, and Occupation of every Person composing or being a Member of such Company or Partnership, and also the Name of the Firm under which such Banker, Company, or Partnership carry on the Business of Banking, and of every Place where such Business is carried on; and if any such Banker shall omit or refuse to make such Return within Fifteen Days after the said First Day of *January*, or shall wilfully make other than a true Return of the Persons as herein required, every Banker so offending shall forfeit or

All Bankers to
return their
Names once a
Year to the
Stamp Office.

pay the Sum of Fifty Pounds; and the said Commissioners of Stamps and Taxes shall on or before the First Day of *March* in every Year publish in the *Dublin Gazette* a Copy of the Return so made by every Banker.

Penalty on
Banks issuing
in excess.

XXIII. And be it enacted, That if the monthly average Circulation of Bank Notes of any Banker, taken in the Manner herein directed, shall at any Time exceed the Amount which such Banker is authorised to issue and to have in circulation under the Provisions of this Act, such Banker shall in every such Case forfeit a Sum equal to the Amount by which the average monthly Circulation, taken as aforesaid, shall have exceeded the Amount which such Banker was authorised to issue and to have in Circulation as aforesaid.

Notes for less
than 20s. not
negotiable in
Ireland.

XXIV. And be it enacted, That all Promissory or other Notes, Bills of Exchange or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of any Sum or Sums of Money, or any Orders, Notes, or Undertakings in Writing, being negotiable or transferable, for the Delivery of any Goods, specifying their Value in Money less than the Sum of Twenty Shillings in the whole, heretofore made or issued, or which shall hereafter be made or issued in *Ireland*, shall from and after the First Day of *January* One thousand eight hundred and forty-six, be and the same are hereby declared to be absolutely void and of no Effect, any Law, Statute, Usage, or Custom to the contrary thereof in anywise notwithstanding; and that if any Person or Persons shall, after the First Day of *January* One thousand eight hundred and forty-six, by any Art, Device, or Means whatsoever, publish or utter in *Ireland* any such Notes, Bills, Drafts, or Engagements as aforesaid, for a less Sum than Twenty Shillings, or on which less than the Sum of Twenty Shillings shall be due, and which shall be in anywise negotiable or transferable, or shall negotiate or transfer the same in *Ireland*, every such Person shall forfeit and pay for every such Offence any Sum not exceeding Twenty Pounds nor less than Five Pounds, at the Discretion of the Justice of the Peace who shall hear and determine such Offence.

Notes for 20s.
and above, and
less than £5 to
be drawn in
certain Form.

XXV. And be it enacted, That all Promissory or other Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or any Sum of Money above that Sum and less than Five Pounds, or on which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, and which shall be issued within *Ireland* at

any Time after the First Day of *January* One thousand eight hundred and forty-six, shall specify the Names and Places of Abode of the Persons respectively to whom or to whose Order the same shall be made payable, and shall bear Date before or at the Time of drawing or issuing thereof, and not on any Day subsequent thereto, and shall be made payable within the Space of Twenty-one Days next after the Date thereof, and shall not be transferable or negotiable after the Time hereby limited for Payment thereof, and that every Endorsement to be made thereon shall be made before the Expiration of that Time, and to bear Date at or not before the Time of making thereof, and shall specify the Name and Place of Abode of the Person or Persons to whom or to whose Order the Money contained in every such Note, Bill, Draft, or Undertaking is to be paid; and that the signing of every such Note, Bill, Draft, or Undertaking, and also of every such Endorsement, shall be attested by One subscribing Witness at the least; and which said Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, may be made or drawn in Words to the Purport or Effect as set out in the Schedules to this Act annexed marked (D.) and (E.); and that all Promissory or other Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or any Sum of Money above that Sum and less than Five Pounds, or in which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, and which shall be issued in *Ireland* at any Time after the said First Day of *January* One thousand eight hundred and forty-six, in any other Manner than as aforesaid, and also every Endorsement on any such Note, Bill, Draft, or other Undertaking to be negotiated under this Act, other than as aforesaid, shall and the same are hereby declared to be absolutely void, any Law, Statute, Usage, or Custom to the contrary thereof in anywise notwithstanding; provided that nothing in this Clause contained shall be construed to extend to any such Bank Notes as shall be lawfully issued by any Banker in *Ireland* authorised by this Act to continue the Issue of Bank Notes.

XXVI. And be it enacted, That if any Body Politic or Corporate or any Person or Persons shall, from and after the said First Day of *January* One thousand eight hundred and forty-six, make, sign, issue, or re-issue in *Ireland* any Promissory Note payable on Demand to the Bearer thereof for any Sum of Money less than the Sum of Five Pounds, except the Bank Notes of such Bankers as are hereby authorised to continue to issue Bank Notes as aforesaid, then and in either of such Cases every such Body Politic or Corporate or Person

Penalty for Persons other than Bankers hereby authorised issuing Notes payable on Demand for less than Five Pounds.

or Persons so making, signing, issuing, or re-issuing any such Promissory Note as aforesaid, except as aforesaid, shall for every such Note so made, signed, issued, or re-issued forfeit the Sum of Twenty Pounds.

Penalty for Persons other than Bankers hereby authorised uttering or negotiating Notes, Bills of Exchange, &c., transferable, for Payment of 20s., or less than Five Pounds.

XXVII. And be it enacted, That if any Body Politic or Corporate or Person or Persons shall, from and after the passing of this Act, publish, utter, or negotiate in *Ireland* any Promissory or other Note (not being the Bank Note of a Banker hereby authorised to continue to issue Bank Notes), or any Bill of Exchange, Draft, or Undertaking in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or above that Sum and less than Five Pounds, or on which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, made, drawn, or endorsed in any other Manner than as is herein-before directed, every such Body Politic or Corporate or Person or Persons so publishing, uttering, or negotiating any such Promissory or other Note (not being such Bank Note as aforesaid), Bill of Exchange, Draft, or Undertaking in Writing as aforesaid, shall forfeit and pay the Sum of Twenty Pounds.

Not to prohibit Checks on Bankers.

XXVIII. Provided always, and be it enacted, That nothing herein contained shall extend to prohibit any Draft or Order drawn by any Person on his Banker, or on any Person acting as such Banker, for the payment of Money held by such Banker or Person to the Use of the Person by whom such Draft or Order shall be drawn.

Mode of enforcing Penalties.

XXIX. And be it enacted, That all pecuniary Penalties under this Act may be sued or prosecuted for and recovered for the Use of Her Majesty, in the name of Her Majesty's Attorney General or Solicitor General in *Ireland*, or of the Solicitor of Stamps in *Ireland*, or of any Person authorised to sue or prosecute for the same, by Writing under the Hands of the Commissioners of Stamps and Taxes, or in the Name of any Officer of Stamp Duties, by Action of Debt, Bill, Plaint, or Information in the Court of Exchequer in *Dublin*, or by Civil Bill in the Court of the Recorder, Chairman, or Assistant Barrister within whose local Jurisdiction any Offence shall have been committed, in respect of any such Penalty, or, in respect of any Penalty not exceeding Twenty Pounds, by Information or Complaint before One or more Justice or Justices of the Peace in *Ireland*, in such and the same Manner as any other Penalties imposed by any of the Laws now in force relating to the Duties under the Management of the Commissioners of Stamps; and it shall be lawful in all Cases for the Commissioners of Stamps and Taxes, either before or

after any Proceedings commenced for Recovery of any such Penalty, to mitigate or compound any such Penalty, as the said Commissioners shall think fit, and to stay any such Proceedings after the same shall have been commenced, and whether Judgment may have been obtained for such Penalty or not, on Payment of Part only of any such Penalty, with or without Costs, or on Payment only of the Costs incurred in such Proceedings, or of any Part thereof, or on such other Terms as such Commissioners shall judge reasonable: Provided always, that in no such Proceeding as aforesaid shall any Essoign, Protection, Wager of Law, nor more than One Imparance be allowed; and all pecuniary Penalties imposed by or incurred under this Act, by whom or in whose Name soever the same shall be sued or prosecuted for or recovered, shall go and be applied to the Use of Her Majesty, and shall be deemed to be and shall be accounted for as Part of Her Majesty's Revenue arising from Stamp Duties, any thing in any Act contained, or any Law or Usage, to the contrary in anywise notwithstanding: Provided always, that it shall be lawful for the Commissioners of Stamps and Taxes, at their Discretion, to give all or any Part of such Penalties as Rewards to any Person or Persons who shall have detected the Offenders, or given Information which may have led to their Prosecution and Conviction.

XXX. And be it enacted, That after the passing of this Act every Company or Copartnership of more than Six Persons established before the passing of this Act for the purpose of carrying on the Trade or Business of Bankers within the Distance of Fifty Miles from *Dublin*, shall have the same Powers and Privileges of suing and being sued, and of presenting Petitions to found Sequestrations or Fiats in Bankruptcy, in the name of any one of the public Officers of such Company or Copartnership, as the nominal Plaintiff, Petitioner, or Defendant, on behalf of such Company or Copartnership, as are provided with respect to Companies carrying on the said Trade or Business at any Place in *Ireland* exceeding the Distance of Fifty Miles from *Dublin*, under the Provisions of an Act passed in the Sixth Year of the Reign of King *George* the Fourth, intituled *An Act for the better Regulation of Copartnerships of certain Bankers in Ireland*; and all Judgments, Decrees, and Orders made and obtained in any Action, Suit, or other Proceeding brought, instituted, or carried on by or against any such Company or Copartnership carrying on Business within the Distance of Fifty Miles from *Dublin*, in the Name of their public Officer, shall have the same Effect and Operation, and may be enforced in like

Companies to
sue and be sued
in the Names of
their Officers.

6 Geo. 4, c. 42.

Manner in all respects as is provided in and by the last-mentioned Act with respect to the Judgments, Decrees, and Orders therein mentioned; provided that every such Company or Copartnership as last aforesaid shall make out and deliver from Time to Time to the Commissioners of Stamps and Taxes the several Accounts or Returns required by the last-mentioned Act; and all the Provisions of the last-mentioned Act as to such Accounts or Returns shall be taken to apply to the Accounts or Returns so made out and delivered by the said last-mentioned Companies, as if they had been originally included in the Provisions of the last-mentioned Act.

Provision in
case of Deter-
mination of
existing Agree-
ment between
Bank of Ireland
and Tipperary
Joint Stock
Bank.

XXXI. And whereas a certain Joint Stock Banking Company, called and known as "The *Tipperary* Joint Stock Bank," refrained from issuing its own Bank Notes, under a certain Agreement with the Governor and Company of the Bank of *Ireland* for the issue of the Bank Notes of the said Governor and Company, which Agreement is determinable by either Party upon certain Notice to the other Party, and it is just that in case such Agreement should at any Time hereafter during the Continuance of this Act be determined and put an end to by the Governor and Company of the Bank of *Ireland*, that the said *Tipperary* Joint Stock Bank should receive by way of Compensation such Composition as hereafter mentioned; be it therefore enacted, That if the said Agreement shall be at any Time hereafter during the continuance of this Act determined or put an end to by the Governor and Company of the Bank of *Ireland* then and in such case the said Governor and Company shall from the Termination of the said Agreement pay and allow to the said *Tipperary* Joint Stock Bank, so long as the latter shall continue to carry on the Business of a Bank and to issue exclusively the Notes of the Governor and Company of the Bank of *Ireland*, a Composition at and after the Rate of One *per Centum per Annum* on the average annual Amount of the Bank of *Ireland* Notes issued by the said *Tipperary* Joint Stock Bank, and kept in Circulation, such average annual Amount to be ascertained by the Bank of *Ireland* in the Manner provided for regulating the Compensation to be made to certain Bankers by the Bank of *England* in and by the Act passed in the Seventh and Eighth Years of the Reign of Her present Majesty, intituled *An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain Privileges for a limited Period*: Provided always, that the total Sum payable to the *Tipperary* Joint Stock Bank by way of Composition as aforesaid in any One Year shall not exceed One *per Cent.* on an Amount that hath been agreed

on by and between the Bank of *Ireland* and the *Tipperary* Joint Stock Bank, and certified by both Banks to the Commissioners of Stamps and Taxes; and such Composition shall cease to be payable from and after the First Day of *January* One thousand eight hundred and fifty-six.

XXXII. And be it enacted, That the Term "Bank Note" used in this Act shall extend and apply to all Bills or Notes for the Payment of Money to the Bearer on Demand; and that the Term "Banker" shall, when the Bank of *Ireland* be not specially excepted, extend and apply to the Governor and Company of the Bank of *Ireland*, and to all other Corporations, Societies, Partnerships, and Persons, and every individual Person carrying on the Business of Banking, whether by the Issue of Bank Notes or otherwise; and that the Word "Coin" shall be construed to mean the Coin of this Realm; and that the Word "Person" used in this Act shall include Corporations; and that the Singular Number used in this Act shall include the Plural Number, and the Plural Number the Singular, except where there is anything in the Context repugnant to such Construction; and that the Masculine Gender in this Act shall include the Feminine, except where there is anything in the Context repugnant to such Construction.

Interpretation
of Act.

XXXIII. And be it enacted, That this Act may be amended or repealed by any Act to be passed in the present Session of Parliament.

Alteration of
Act.

SCHEDULES referred to in the foregoing Act.

SCHEDULE (A.)

Name and Title set forth in	
Licence - - - - -	Bank.
Name of the Firm- - - - -	Firm.
Head Offices or principal	
Places of Issue - - - - -	Place.

AMOUNT of NOTES in Circulation on Saturday the	} £5 and upwards £
Day of	

TOTAL - - - £

SCHEDULE (B).

Name and Title, as set forth in the Licence.	Name of the Firm.	Head Office or principal Place of Issue.	Circulation Authorised by Certificate.	Average Circulation during Four Weeks ending the			Average Amount of Coin held during Four Weeks ending		
				£5 and upwards	Under £5.	TOTAL.	Gold.	Silver.	TOTAL.

I hereby certify that each of the Bankers named in the above Return who have in Circulation an Amount of Notes beyond that authorised in their Certificate [with the Exception of *A.B. or C.D. as the Case may be*] have held an Amount of Gold and Silver Coin not less than that which they are required to hold during the Period to which this Return relates.

Dated this _____ Day of _____

18 .

(Signed) _____

Officer of Stamp Duties.

SCHEDULE (D).

[Place] [Day] [Month] [Year]

Twenty-one Days after Date I promise to pay to *A.B.* of
[Place], or his Order the sum of for Value
received by

Witness, *E.F.*

C.D.

And the Endorsement, toties quoties.

[Day] [Month] [Year]

Pay the Contents to *G.H.* of [Place], or his Order.

Witness, *J.K.*

A.B.

SCHEDULE (E).

[Place] [Day] [Month] [Year]

Twenty-one Days after Date pay to *A.B.* of [Place], or his
Order, the Sum of Value received, as
advised by

To *E.F.* of [Place]

C.D.

Witness, *G.H.*

And the Endorsement, toties quoties.

[Day] [Month] [Year]

Pay the Contents to *J.K.* of [Place], or his Order.

Witness, *L.M.*

A.B.

ANNO OCTAVO & NONO
VICTORIÆ REGINÆ.

C A P. XXXVIII.

An Act to regulate the Issue of Bank Notes in
Scotland.

[21st July 1845.]

WHEREAS by an Act made and passed in the Eighth Year of the Reign of Her Majesty, intituled *An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain Privileges for a limited Period*, it was enacted, that from and after the passing of that Act no Person, other than a Banker who on the Sixth Day of *May* One thousand eight hundred and forty-four was lawfully issuing his own Bank Notes, should make or issue Bank Notes in any Part of the United Kingdom: And whereas it is expedient to regulate the Issue of Bank Notes by such Bankers as are now by Law authorised to issue the same in *Scotland*: Be it therefore enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, That every Banker claiming to be entitled to issue Bank Notes in *Scotland* shall, within One Month next after the passing of this Act, give Notice in Writing to the Commissioners of Stamps and Taxes, at their Head Office in *London*, of such Claim, and of the Place and Name and Firm at and under which such Banker had issued such Notes in *Scotland* during the Year next preceding the First Day of *May* One thousand eight hundred and forty-five, and thereupon the said Commissioners shall ascertain if such Banker was on the Sixth Day of *May* One thousand eight hundred

7 & 8 Vict.
c. 32, s. 10.

Bankers claiming to be entitled to issue Bank Notes to give Notice to Commissioners of Stamps and Taxes.

Commissioners
to certify exist-
ing Banks of
Issue and Limi-
tation of Issue.

4 & 5 Vict. c. 50.

and forty-four, and from thence up to the First Day of *May* One thousand eight hundred and forty-five, carrying on the Business of a Banker and lawfully issuing his own Bank Notes in *Scotland*, and if it shall so appear then the said Commissioners shall proceed to ascertain the average Amount of the Bank Notes of such Banker which were in Circulation during the said period of One Year preceding the First Day of *May* One thousand eight hundred and forty-five, according to the Returns made by such Banker in pursuance of the Act passed in the Fourth and Fifth Years of the Reign of Her present Majesty, intituled *An Act to make further Provision relative to the Returns to be made by Banks of the Amount of their Notes in Circulation*; and the said Commissioners, or any Two of them, shall certify under their Hands to such Banker the Average amount when so ascertained as aforesaid omitting the Fractions of a Pound, if any; and it shall be lawful for every such Banker to continue to issue his own Bank Notes after the Sixth Day of *December* One thousand eight hundred and forty-five, to the extent of the Amount so certified, and of the Amount of Gold and Silver Coin held by such Banker at the Head Office or principal Place of Issue of such Banker, in the Proportion and Manner hereinafter mentioned, but not to any further Extent; and from and after the Sixth Day of *December* One thousand eight hundred and forty-five it shall not be lawful for any Banker to make or issue Bank Notes in *Scotland*, save and except only such Bankers as shall have obtained such Certificate from the Commissioners of Stamps and Taxes.

Provision for
united Banks.

II. Provided always, and be it enacted, That if it shall be made to appear to the Commissioners of Stamps and Taxes that any Two or more Banks have by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners) become united within the Year next preceding such First Day of *May* One thousand eight hundred and forty-five, it shall be lawful for the said Commissioners to ascertain the average Amount of the Notes of each such Bank in the Manner herein-before directed, and to certify a Sum equal to the average Amount of the Notes of the Two or more Banks so united, as the Amount which the united Bank shall thereafter be authorised to issue, subject to the Regulations of this Act.

Duplicate of
Certificate to be
published in the
Gazette.

III. And be it enacted, That the Commissioners of Stamps and Taxes shall, at the Time of certifying to any Banker such Particulars as they are herein-before required to certify, also publish a Duplicate of their Certificate thereof in the next

succeeding *London Gazette* in which the same may be conveniently inserted; and the Gazette in which such Publication shall be made shall be conclusive Evidence in all Courts whatsoever of the Amount of Bank Notes which the Banker named in such Certificate or Duplicate is by Law authorised to issue and to have in Circulation as aforesaid, exclusive of an Amount equal to the monthly average Amount of the Gold and Silver Coin held by such Banker as herein provided.

Gazette to be Evidence.

IV. And be it enacted, That in case it shall be made to appear to the Commissioners of Stamps and Taxes, at any Time hereafter, that any two or more Banks have by written Contract or Agreement (which Contract or Agreement shall be produced to the said Commissioners) become united subsequently to the passing of this Act, it shall be lawful to the said Commissioners, upon the Application of such united Bank, to certify in manner herein-before mentioned the Aggregate of the Amount of Bank Notes which such separate Banks were previously authorised to issue under the separate Certificates previously delivered to them, and so from Time to Time; and every such Certificate shall be published in manner herein-before directed, and from and after such Publication the Amount therein stated shall be and be deemed to be the Limit of the Amount of Bank Notes which such united Bank may have in Circulation, exclusive of an Amount equal to the monthly average Amount of the Gold and Silver Coin held by such Bank, as herein provided.

In case Banks become united, Commissioners to certify the Amount of Bank Notes which each Bank was authorised to issue.

V. And be it enacted, That all Bank Notes to be issued or re-issued in *Scotland* shall be expressed to be for Payment of a Sum in Pounds Sterling, without any fractional Parts of a Pound; and if any Banker in *Scotland* shall, from and after the Sixth Day of *December* One thousand eight hundred and forty-five, make, sign, issue, or re-issue any Bank Note for the fractional Part of a Pound Sterling, or for any Sum together with the fractional Part of a Pound Sterling, every such Banker so making, signing, issuing or re-issuing any such Note as aforesaid shall for each Note so made, signed, issued or re-issued, forfeit or pay the Sum of Twenty Pounds.

Issue of Notes for fractional parts of a Pound prohibited.

VI. And be it enacted, That from and after the Sixth Day of *December* One thousand eight hundred and forty-five it shall not be lawful for any Banker in *Scotland* to have in Circulation, upon the Average of a Period of Four Weeks, to be ascertained as herein-after mentioned, a greater Amount of Notes than an Amount composed of the Sum certified by the Commissioners of Stamps and Taxes as aforesaid and the monthly average

Limitation of Bank Notes in Circulation.

Amount of Gold and Silver Coin held by such Banker at the head office or principal Place of Issue of such Banker during the same Period of Four Weeks, to be ascertained in manner herein-after mentioned.

Issuing Banks
to render
accounts
weekly.

VII. And be it enacted, That every Banker who after the Sixth Day of *December* One thousand eight hundred and forty-five shall issue Bank Notes in *Scotland* shall, on some One Day in every Week after the Thirteenth Day of *December* One thousand eight hundred and forty-five (such Day to be fixed by the Commissioners of Stamps and Taxes), transmit to the said Commissioners a just and true Account of the Amount of Bank Notes of such Banker in Circulation at the close of the Business on the next preceding *Saturday*, distinguishing the Notes of Five Pounds and upwards, and the Notes below Five Pounds, and also an Account of the total Amount of Gold and Silver Coin held by such Banker at the head Office or principal Place of Issue in *Scotland* of such Banker at the close of Business on each Day of the Week ending on the same *Saturday*, and also an Account of the total Amount of Gold and Silver Coin in *Scotland* held by such Banker at the Close of Business on that Day; and on completing the first Period of Four Weeks, and so on completing each successive Period of Four Weeks, every such Banker shall annex to such Account the Average Amount of Bank Notes of such Banker in Circulation during the said Four Weeks, distinguishing the Bank Notes of Five Pounds and upwards and the Notes below Five Pounds, and the average Amount of Gold and Silver Coin respectively held by such Banker at the head Office or principal Place of Issue in *Scotland* of such Banker during the said Four Weeks, and also the Amount of Bank Notes which such Banker is, by the Certificate published as aforesaid in the *London Gazette* authorised to issue under the Provisions of this Act; and every such Account shall specify the head Office or principal Place of Issue in *Scotland* of such Banker, and shall be verified by the Signature of such Banker or his Chief Cashier, or in case of a Company or Partnership by the Signature of the Chief Cashier or other Officer duly authorised by the Directors of such Company or Partnership, and shall be made in the Form to this Act annexed marked (A.); and if any such Banker shall neglect or refuse to render any such Account in the Form and at the Time required by this Act, or shall at any Time render a false Account, such Banker shall forfeit the Sum of One hundred Pounds for every such Offence.

What shall
be deemed to
be Bank Notes
in Circulation.

VIII. And be it enacted, That all Bank Notes shall be deemed to be in Circulation from the Time the same shall have

been issued by any Banker, or any Servant or Agent of such Banker, until the same shall have been actually returned to such Banker, or some Servant or Agent of such Banker.

IX. And be it enacted, That from the Returns so made by each Banker to the Commissioners of Stamps and Taxes the said Commissioners shall, at the End of the First Period of Four Weeks after the said Sixth Day of *December* One thousand eight hundred and forty-five, and so at the End of each successive Period of Four Weeks, make out a general Return in the Form to this Act annexed marked (B.) of the monthly average Amount of Bank Notes in Circulation of each Banker in *Scotland* during the last preceding Four Weeks, and of the average Amount of all the Gold and Silver Coin held by such Banker, and certifying under the Hand of any Officer of the said Commissioners duly authorised for that Purpose, in the Case of each such Banker, whether such Banker has held the Amount of Coin required by Law during the Period to which the said Return shall apply, and shall publish the same in the next succeeding *London Gazette* in which the same can be conveniently inserted.

Commissioners
of Stamps and
Taxes to make
a monthly
Return.

X. And be it enacted, That for the Purpose of ascertaining the monthly average Amount of Bank Notes of each Banker in Circulation, the aggregate of the Amount of Bank Notes of each such Banker in Circulation at the Close of the Business on *Saturday* of each Week during the first complete Period of Four Weeks next after the Sixth Day of *December* One thousand eight hundred and forty-five shall be divided by the Number of Weeks, and the Average so ascertained shall be deemed to be the Average of Bank Notes of each such Bank in Circulation during such Period of Four Weeks, and so in each successive Period of Four Weeks; and the monthly average Amount of Gold and Silver Coin respectively held as aforesaid by such Banker shall be ascertained in like Manner from the Amount of Gold and Silver Coin held by such Banker at the head Office or principal Place of Issue in *Scotland* of such Banker at the Close of Business on *Saturday* in each Week during the same Period; and the monthly average Amount of Bank Notes of each such Banker in Circulation during any such Period of Four Weeks is not to exceed a Sum made up by adding the Amount certified by the Commissioners of Stamps and Taxes as aforesaid and the monthly average Amount of Gold and Silver Coin held by such Banker as aforesaid during the same Period.

Mode of ascer-
taining the
average amount
of Bank Notes
of each Banker
in Circulation,
and Gold Coin,
during the first
Four Weeks
after 31st
December, 1845.

XI. And be it enacted, That in taking Account of the Coin held by any such Banker as aforesaid, with respect to which

In taking the
Account of
Coin held by

Bankers, Silver
Coin not to
exceed the Pro-
portion of One
Fourth of Gold.

Bank Notes to a further Extent than the sum certified as aforesaid by the Commissioners of Stamps and Taxes may, under the Provisions of this Act, be made and issued, no Amount of Silver Coin exceeding One Fourth Part of the Gold Coin held by such Banker as aforesaid shall be taken into account, nor shall any Banker be authorised to make and issue Bank Notes in *Scotland* on any Amount of Silver Coin held by such Banker exceeding the Proportion of One Fourth Part of the Gold Coin held by such Banker as aforesaid.

Commissioners
of Stamps and
Taxes
empowered to
cause the Books
of Bankers con-
taining Ac-
counts of their
Bank Notes in
Circulation, and
of Gold Coin, to
be inspected.

XII. And whereas, in order to ensure the rendering of true and faithful Accounts of the Amount of Bank Notes in Circulation, and the Amount of Gold and Silver Coin held by each Banker, as directed by this Act, it is necessary that the Commissioners of Stamps and Taxes should be empowered to cause the Books of Bankers issuing such Notes, and the Gold and Silver Coin held by such Bankers as aforesaid, to be inspected as herein-after mentioned: Be it therefore enacted, That all and every the Book and Books of any Banker who shall issue Bank Notes under the Provisions of this Act, in which shall be kept, contained, or entered any Account, Minute, or Memorandum of or relating to the Bank Notes issued or to be issued by such Banker, or of or relating to the Amount of such Notes in Circulation from Time to Time, or of or relating to the Gold and Silver Coin held by such Banker from Time to Time, or any Account, Minute, or Memorandum the Sight or Inspection whereof may tend to secure the rendering of true Accounts of the average Amount of such Notes in Circulation and Gold and Silver Coin held as directed by this Act, or to test the truth of any such account, shall be open for the Inspection and Examination at all seasonable Times of any Officer of Stamp Duties authorised in that Behalf by Writing signed by the Commissioners of Stamps and Taxes, or any Two of them; and every such Officer shall be at liberty to take Copies of or Extracts from any such Book or Account as aforesaid, and to inspect and ascertain the Amount of any Gold or Silver Coin held by such Banker; and if any Banker or other Person keeping any such Book, or having the Custody or Possession thereof or Power to produce the same, shall, upon Demand made by any such Officer showing (if required) his Authority in that Behalf, refuse to produce any such Book to such Officer for his Inspection and Examination, or to permit him to inspect and examine the same, or to take Copies thereof or Extracts therefrom, or of or from any such Account, Minute, or Memorandum as aforesaid, kept, contained, or entered therein, or if any Banker or other Person having the Custody or Posses-

Penalty for
refusing to
allow such
Inspection.

sion of any Coin belonging to such Banker shall refuse to permit or prevent the Inspection of such Gold and Silver Coin as aforesaid, every such Banker or other Person so offending shall by every such Offence forfeit the Sum of One hundred Pounds: Provided always, that the said Commissioners shall not exercise the Powers aforesaid without the Consent of the Commissioners of Her Majesty's Treasury.

XIII. And be it enacted, That every Banker in *Scotland* who is now carrying on or shall hereafter carry on Business as such, other than the Bank of *Scotland*, the Royal Bank of *Scotland*, and the *British* Linen Company, shall, on the First Day of *January* in each Year, or within Fifteen Days thereafter, make a return to the Commissioners of Stamps and Taxes, at their Head Office in *London*, of his Name, Residence, and Occupation, or, in the Case of a Company or Partnership, of the Name, Residence, and Occupation of every Person composing or being a Member of such Company or Partnership, and also the Name of the Firm under which such Banker, Company or Partnership carry on the Business of Banking, and of every Place where such Business is carried on; and if any such Banker, Company, or Partnership shall omit or refuse to make such Return within Fifteen Days after the said First Day of *January*, or shall wilfully make other than a true Return of the Persons as herein required, every Banker, Company, or Partnership so offending shall forfeit or pay the Sum of Fifty Pounds; and the said Commissioners of Stamps and Taxes shall on or before the First Day of *March* in every Year publish in some Newspaper circulating within each Town or County respectively in which the head Office or principal Place of Issue of any such Banker be situated a Copy of the Return so made by every Banker, Company or Partnership carrying on the Business of Bankers within such Town or County respectively, as the Case may be.

All Bankers to return their Names once a Year to the Stamp Office.

XIV. And be it enacted, That if the monthly average Circulation of Bank Notes of any Banker, taken in the Manner herein directed, shall at any Time exceed the Amount which such Banker is authorised to issue and to have in Circulation under the Provisions of this Act, such Banker shall in every such Case forfeit a sum equal to the Amount by which the average monthly Circulation, taken as aforesaid, shall have exceeded the Amount which such Banker was authorised to issue and to have in Circulation as aforesaid.

Penalty on Banks issuing in excess.

XV. And whereas by an Act passed in the Third and Fourth Years of the Reign of His late Majesty King *William* the

Bank of England Notes not

a legal Tender
in Scotland.

Fourth, intituled *An Act for giving to the Corporation of the Governor and Company of the Bank of England certain privileges for a limited Period, under certain Conditions*, it was enacted, that from and after the First Day of *August* One thousand eight hundred and thirty-four, unless and until Parliament should otherwise direct, a Tender of a Note or Notes of the Governor and Company of the Bank of *England*, expressed to be payable to Bearer on Demand, should be a legal Tender to the Amount expressed in such Note or Notes, and should be taken to be valid as a Tender to such Amount for all Sums above Five Pounds on all Occasions on which any Tender of Money may be legally made, so long as the Bank of *England* should continue to pay on Demand their said Notes in legal Coin: Provided always, that no such Note or Notes should be deemed a legal Tender of payment by the Governor and Company of the Bank of *England*, or any Branch Bank of the said Governor and Company: And whereas Doubts have arisen as to the Extent of the said Enactment: For removal whereof be it enacted and declared, That nothing in the said last-recited Act contained shall extend or be construed to extend to make the Tender of a Note or Notes of the Governor and Company of the Bank of *England* a legal Tender in *Scotland*: Provided always, that nothing in this Act contained shall be construed to prohibit the Circulation in *Scotland* of the Notes of the Governor and Company of the Bank of *England* as heretofore.

Proviso.

Notes for less
than 20s. not
negotiable in
Scotland.

XVI. And be it enacted, That all Promissory or other Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of any Sum or Sums of Money, or any Orders, Notes, or Undertakings in Writing, being negotiable or transferable, for the Delivery of any Goods, specifying their Value in Money, less than the Sum of Twenty Shillings in the whole, heretofore made or issued, or which shall hereafter be made or issued in *Scotland*, shall, from and after the First Day of *January* One thousand eight hundred and forty-six, be and the same are hereby declared to be absolutely void and of no Effect, any Law, Statute, Usage, or Custom to the contrary thereof in anywise notwithstanding; and that if any Person or Persons shall after the First Day of *January* One thousand eight hundred and forty-six, by any Art, Device, or Means whatsoever, publish or utter in *Scotland* any such Notes, Bills, Drafts, or Engagements as aforesaid for a less Sum than Twenty Shillings, or on which less than the Sum of Twenty Shillings shall be due, and which shall be in anywise negotiable or transferable, or shall negotiate or transfer the same in *Scotland*,

every such Person shall forfeit and pay for every such Offence any Sum not exceeding Twenty Pounds nor less than Five Pounds, at the discretion of the Justice of the Peace who shall hear and determine such Offence.

XVII. And be it enacted, That all Promissory or other Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or any Sum of Money above that Sum and less than Five Pounds, or on which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, and which shall be issued within *Scotland* at any Time after the First Day of *January* One thousand eight hundred and forty-six, shall specify the Names and Places of Abode of the Persons respectively to whom or to whose Order the same shall be made payable, and shall bear Date before or at the Time of drawing or issuing thereof, and not on any Day subsequent thereto, and shall be made payable within the Space of Twenty-one Days next after the Day of the Date thereof, and shall not be transferable or negotiable after the Time hereby limited for Payment thereof, and that every Endorsement to be made thereon shall be made before the Expiration of that Time, and to bear Date at or not before the Time of making thereof, and shall specify the Name and Place of Abode of the Person or Persons to whom or to whose Order the Money contained in every such Note, Bill, Draft, or Undertaking is to be paid; and that the signing of every such Note, Bill, Draft, or Undertaking, and also of every such Endorsement, shall be attested by One subscribing Witness at the least; and which said Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, may be made or drawn in Words to the Purport or Effect as set out in the Schedules to this Act annexed marked (C.) and (D.); and that all Promissory or other Notes, Bills of Exchange, or Drafts, or Undertakings in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or any Sum of Money above that Sum and less than Five Pounds, or in which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, and which shall be issued in *Scotland* at any Time after the said First Day of *January* One thousand eight hundred and forty-six, in any other Manner than as aforesaid, and also every Indorsement on any such Note, Bill, Draft, or other Undertaking to be negotiated under this Act, other than as aforesaid, shall and the same are hereby declared to be absolutely void, any Law, Statute, Usage, or Custom to the contrary thereof in anywise notwithstanding: Provided always, that nothing in

Notes of 20s. or above, and less than £5, to be drawn in certain Form.

this Clause contained shall be construed to extend to any such Bank Notes as shall be lawfully issued by any Banker in *Scotland* authorised by this Act to continue the Issue of Bank Notes.

Penalty for Persons, other than Bankers hereby authorised, issuing Notes payable on Demand for less than £5.

XVIII. And be it enacted, That if any Body Politic or Corporate or any Person or Persons shall, from and after the said First Day of *January* One thousand eight hundred and forty-six, make, sign, issue, or re-issue in *Scotland*, any Promissory Note payable on Demand to the Bearer thereof for any Sum of Money less than the Sum of Five Pounds, except the Bank Notes of Such Bankers as are hereby authorised to continue to issue Bank Notes as aforesaid, then and in either of such Cases every such Body Politic or Corporate or Person or Persons so making, signing, issuing, or re-issuing any such Promissory Note as aforesaid, except as aforesaid, shall for every such Note so made, signed, issued, or re-issued, forfeit the Sum of Twenty Pounds.

Penalty for Persons, other than Bankers hereby authorised, uttering or negotiating Notes, Bills of Exchange, &c., transferable, for Payment 20s., or less than £5.

XIX. And be it enacted, That if any Body Politic or Corporate or Person or Persons shall, from and after the passing of this Act, publish, utter, or negotiate in *Scotland* any Promissory or other Note (not being the Bank Note of a Banker hereby authorised to continue to issue Bank Notes), or any Bill of Exchange, Draft, or Undertaking in Writing, being negotiable or transferable, for the Payment of Twenty Shillings, or above that Sum and less than Five Pounds, or on which Twenty Shillings, or above that Sum and less than Five Pounds, shall remain undischarged, made, drawn, or indorsed in any other Manner than as is herein-before directed, every such Body Politic or Corporate or Person or Persons so publishing, uttering, or negotiating any such Promissory or other Note (not being such Bank Note as aforesaid), Bill of Exchange, Draft, or Undertaking in Writing as aforesaid, shall forfeit and pay the Sum of Twenty Pounds.

Not to prohibit Checks on Bankers.

XX. Provided always, and be it enacted, That nothing herein contained shall extend to prohibit any Draft or Order drawn by any Person on his Banker, or on any Person acting as such Banker, for the Payment of Money held by such Banker or Person to the Use of the Person by whom such Draft or Order shall be drawn.

Mode of recovering Penalties.

XXI. And be it enacted, That all pecuniary Penalties under this Act may be sued or prosecuted for and recovered for the Use of Her Majesty, in the Name of Her Majesty's

Advocate General or Solicitor General in *Scotland*, or of the Solicitor of Stamps and Taxes in *Scotland*, or of any Person authorised to sue or prosecute for the same, by Writing under the Hands of the Commissioners of Stamps and Taxes, or in the Name of any Officer of Stamp Duties, by Action of Debt, Bill, Plaint, or Information in the Court of Exchequer in *Scotland*, or, in respect of any Penalty not exceeding Twenty Pounds, by Information or Complaint before One or more Justice or Justices of the Peace in *Scotland*, in such and the same Manner as any other Penalties imposed by any of the Laws now in force relating to the Duties under the Management of the Commissioners of Stamps, and it shall be lawful in all cases for the Commissioners of Stamps and Taxes, either before or after any Proceedings commenced for Recovery of any such Penalty, to mitigate or compound any such Penalty, as the said Commissioners shall think fit, and to stay any such Proceedings after the same shall have been commenced, and whether Judgment may have been obtained for such Penalty or not, on Payment of Part only of any such Penalty, with or without Costs, or on Payment only of the Costs incurred in such Proceedings, or of any Part thereof, or on such other Terms as such Commissioners shall judge reasonable: Provided always, that in no such Proceeding aforesaid shall any Essoign, Protection, Wager of Law, nor more than One Imparlance, be allowed; and all pecuniary Penalties imposed by or incurred under this Act, by whom or in whose Name soever the same shall be sued or prosecuted for or recovered, shall go and be applied to the Use of Her Majesty, and shall be deemed to be and shall be accounted for as Part of Her Majesty's Revenue arising from Stamp Duties, anything in any Act contained, or any Law or Usage, to the contrary in anywise notwithstanding: Provided always, that it shall be lawful for the Commissioners of Stamps and Taxes, at their Discretion, to give all or any Part of such Penalties as Rewards to any Person or Persons who shall have detected the Offenders, or given Information which may have led to their Prosecution and Conviction.

XXII. And be it enacted, That the Term "Bank Notes" used in this Act shall extend and apply to all Bills or Notes for the Payment of Money to the Bearer on Demand, other than Bills and Notes of the Governor and Company of the Bank of *England*; and that the Term "Banker" shall extend and apply to all Corporations, Societies, Partnerships, and Persons, and every individual Person carrying on the Business of Banking, whether by the Issue of Bank Notes or

Interpretation
of Act.

otherwise; and that the Word "Person" used in this Act shall include Corporations; and that the Word "Coin" shall mean the Coin of this Realm; and that the Singular Number in this Act shall include the Plural, and the Plural Number the Singular, except where there is anything in the Context repugnant to such Construction; and that the Masculine Gender in this Act shall include the Feminine, except where there is anything in the Context repugnant to such Construction.

Alteration of
Act.

XXIII. And be it enacted, That this Act may be amended or repealed by any Act to be passed in the present Session of Parliament.

SCHEDULES to which this Act refers. SCHEDULE (A).

Name and Title as set forth in Licence.	Name of the Firm.	Head Office or principal Place of Issue.	Amount of Circulation authorised by Certificate.	Notes in Circulation during the Week ending Day of .		*Average of Four Weeks of all Notes.	Account of Coin held by the Banker at the head Office or principal Place of Issue, on the Day of .		*Average total Amount of Coin held by the Bank during Four Weeks.			
				£5 and upwards.	Under £5.		£5 and upwards.	Under £5.	Gold.	Silver.	Gold.	Silver.
							£	£				
							<u>Held on each day of the Week preceding that Day.</u>					
								Gold.	Silver.			
							Monday.	.	.			
							Tuesday	.	.			
							Wednesday	.	.			
							Thursday	.	.			
							Friday	.	.			
							Saturday	.	.			

 SCHEDULE (C).

[Place] [Day] [Month] [Year]

Twenty-one Days after Date I promise to pay to *A.B.* of
[Place], or his Order, the Sum of
for Value received by

Witness, *E.F.*

C.D.

And the Endorsement, toties quoties.

[Day] [Month] [Year]

Pay the Contents to *G.H.* of [Place], or his Order.

Witness, *J.K.*

A.B.

 SCHEDULE (D).

[Place] [Day] [Month] [Year]

Twenty-one Days after Date pay to *A.B.* of [Place], or his
Order, the Sum of Value received, as
advised by

To *E.F.* of [Place]

E.D.

Witness, *G.H.*

And the Endorsement, toties quoties.

[Day] [Month] [Year]

Pay the Contents to *J.K.* of [Place], or his Order.

Witness, *L.M.*

A.B.

ANNO DECIMO NONO
VICTORIÆ REGINÆ.

CAP. XX.

An Act to continue certain Compositions payable to Bankers who have ceased to issue Bank Notes.

[5th June 1856.]

WHEREAS under Sections Twenty-three and Twenty-four of the Act of the Session holden in the Seventh and Eighth Years of Her Majesty, Chapter Thirty-two, certain Compositions are made payable by the Governor and Company of the Bank of *England* to Bankers who have discontinued the Issue of their own Bank Notes; and by Section Twenty-five of the said Act it is provided that all such Compositions shall, if not previously determined by the Act of such Banker as therein-before provided, cease and determine on the First Day of *August* One thousand eight hundred and fifty-six, or on any earlier Day on which Parliament may prohibit the Issue of Bank Notes: And whereas it is expedient to provide for the further Continuance of such Compositions: Be it enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, as follows:

I. Section Twenty-five of the said Act shall be repealed.

Section 25 of the said Act repealed.

II. All the Compositions payable under the said Act as amended by this Act to Bankers who have discontinued, or who shall agree with the said Governor and Company to discontinue, the Issue of their own Bank Notes, shall if not previously determined by the Act of such Bankers as by the

Compositions continued.

said Act provided, and unless Parliament shall otherwise provide, continue in force and be payable until Parliament shall prohibit the Issue of Bank Notes as defined by Section Twenty-eight of the said recited Act, or until the exclusive Privileges of the said Governor and Company mentioned in Section Twenty-seven of the said Act shall be determined in pursuance of such Section, or otherwise be determined or altered by Authority of Parliament.

I N D E X

TO SELECTION FROM THE

MINUTES OF EVIDENCE TAKEN BEFORE

THE SELECT COMMITTEE

ON

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2. *Practice as to Interest on Deposits and Current Accounts.*
3. *Reserves kept in London: how Employed.*
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2. Circumstances attending the establishment of Branches in Cumberland.

3. Operation of the Cumberland Branches.

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3. *Unequal Competition with Scotch Banks.*
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E.

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2. *As to the Question of a similar Privilege in English Banks of Issue.*

1. *As to the Privilege of the Scotch Banks in over-issuing against Gold.*

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 2. *Gold and Silver Coin in Scotland, in proportion to the Note Issue.*
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1. *Calculations submitted by Mr. Gairdner as to the much higher Profits of English than Scotch Banks:*

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1. *Considerations as to the Expediency of the Deposit of Securities for Local Issues ; Suggestions to this effect.*
2. *Suggestions for making Issues a First Charge upon Assets.*
3. *Degree of Security of Scotch Issues.*

1. *Considerations as to the Expediency of the Deposit of Securities for Local Issues ; Suggestions to this effect :*

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